



Daily Report

China

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12 January 1989

Daily Report

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General

Foreign Ministry Holds Weekly News Briefing

Briefing Summarized

OW1201123289 Beijing Domestic Service
in Mandarin 1030 GMT 12 Jan 89

[Text] During a news briefing this afternoon Li Zhaoxing, Ministry of Foreign Affairs spokesman, said: The issue concerning a direct dialogue between China and Vietnam may be considered at an appropriate time.

Li Zhaoxing made the above statement when asked whether the Vietnamese vice foreign minister was going to visit China next month.

Commenting on the meeting between the Chinese and Israeli foreign affairs ministers, Li Zhaoxing said: Israel has time and again indicated readiness to develop Sino-Israeli relations. We think that this depends on the change in the Middle East situation and Israel's policies. Li urged Israel to take flexible measures so that the situation in the Middle East can develop positively.

When asked about China's stand on the results of the just concluded Paris conference on banning chemical weapons, Li Zhaoxing said: We welcome the positive results achieved by the meeting. We hope the conference as well as the final declaration it adopted can bring about the early conclusion of an international convention on the complete prohibition of chemical weapons.

When asked to comment on the withdrawal of the first group of Cuban troops from Angola, Li Zhaoxing said: We welcome the relevant agreement which shows a good beginning of the determination expressed by Angola and Cuba to settle the Southwest African issue by political means. Li Zhaoxing urged South Africa to take the same approach and earnestly implement UN Security Council Resolution 435 so that Namibia can become an independent country as scheduled.

Asked about China's attitude on the problems encountered during the second round of talks between the Soviet Union and the Afghan guerrillas, Li Zhaoxing said: We hope that the Soviet Union will withdraw all its troops from Afghanistan as prescribed in the Geneva accord. We hope the relevant parties will, through peaceful consultations, seek a way through which a broadly-based coalition government can be established in Afghanistan and peace can be restored there as quickly as possible.

The spokesman also disclosed at the news briefing that, at Foreign Affairs Minister Qian Qichen's invitation, Gareth Evans, Australian minister of foreign affairs and trade, will visit China from 29 January through 1 February.

On Dialogue With SRV

OW1201140289 Beijing Television Service
in Mandarin 1100 GMT 12 Jan 89

[From the "National Hookup" program]

[Excerpt] According to a station report, Li Zhaoxing, spokesman for the Ministry of Foreign Affairs, answered questions raised by news reporters at a news briefing held this afternoon.

A VNA reporter asked about China's comments on Thai Foreign Minister's visit to Vietnam. Li Zhaoxing said: We hope that the Vietnamese side will truly withdraw its troops from Cambodia. The faster the troop withdrawal, the better it will be.

In answering a question as to whether a Vietnamese vice foreign minister will visit China next month, Li Zhaoxing said: The issue concerning a direct dialogue between China and Vietnam may be considered at an appropriate time. [passage omitted]

Confirms Continued Israeli Contacts

OW1201111289 Beijing XINHUA in English
1030 GMT 12 Jan 89

[Text] Beijing, January 12 (XINHUA)—China and Israel agreed to keep in contact through their permanent representatives to the United Nations, Chinese Foreign Ministry spokesman Li Zhaoxing said here today.

Asked to confirm the information to that effect at a weekly news briefing this afternoon, the spokesman said that during a meeting in Paris on January 9 between Chinese Foreign Minister Qian Qichen and his Israeli counterpart Moshe Arens, the two sides agreed to keep in contact through their U.N. representatives.

By reviewing the meeting, the spokesman quoted Chinese Foreign Minister Qian as saying that a turn for the better has taken place in the situation in the Middle East and that the Palestine Liberation Organization has demonstrated its flexible and realistic attitude. Qian also expressed hope that Israel will also adopt a flexible attitude and will not miss the opportunity provided by history.

However, the spokesman refused to give any details on how often and in what way the two sides will make contacts.

He said that the Israeli side has on many occasions expressed its willingness to develop relations with China and that China's attitude is clear, namely, it is decided by the situation in the Middle East and the changes in Israel's policies.

On Soviet Withdrawal From Afghanistan
OW1201095989 Beijing XINHUA in English
0923 GMT 12 Jan 89

[Text] Beijing, January 12 (XINHUA)—Chinese Foreign Ministry spokesman Li Zhaoxing said here today that China hopes the Soviet Union will withdraw all its troops from Afghanistan as scheduled in accordance with the Geneva accords.

The spokesman said this at this afternoon's weekly news briefing.

When asked to comment on the second round of negotiations which has run into difficulties between the Soviet Union and the Afghan guerrilla forces, the spokesman said, "We hope the parties concerned will find a way to the establishment of a broadly-based coalition government and the restoration of peace in Afghanistan as soon as possible."

Hails Cuban Withdrawal From Angola
OW1201093089 Beijing XINHUA in English
0902 GMT 12 Jan 89

[Text] Beijing, January 12 (XINHUA)—Chinese Foreign Ministry spokesman Li Zhaoxing said here today that China expresses its welcome to the withdrawal of Cuban troops from Angola beginning last Tuesday.

In response to a reporter's question at the weekly briefing here this afternoon, he said that in accordance with a bilateral agreement between Angola and Cuba, Cuba withdrew its first batch of troops from Angola on 10 January. "This marks a good beginning in the implementation by Angola and Cuba of the relevant agreements for a political settlement of the southwest Africa question," he added.

China hopes that South Africa will adopt the same attitude by carrying out the agreements in earnest so as to guarantee the sovereignty and security of Angola and to ensure scheduled independence for Namibia by effectively implementing the United Nations Security Council Resolution 435, the spokesman said.

Welcomes Results of Paris Forum
OW1201105789 Beijing XINHUA in English
1036 GMT 12 Jan 89

[Text] Beijing, January 12 (XINHUA)—China welcomes the positive results achieved at the recent-concluded Paris conference on the banning of chemical weapons, Foreign Ministry spokesman Li Zhaoxing said at a news briefing here this afternoon.

He noted that the conference was a high-level political one, which adopted its final declaration unanimously thanks to the joint efforts by all the participating countries.

China hopes that the conference and its final declaration will help to promote an early conclusion of an international convention on the complete banning of chemical weapons, the spokesman said.

Australian Foreign Minister To Visit
OW1201084389 Beijing XINHUA in English
0831 GMT 12 Jan 89

[Text] Beijing, January 12 (XINHUA)—Gareth Evans, minister of foreign affairs and trade of the Commonwealth of Australia, will visit China from January 29 to February 1.

Evans is invited by Chinese Foreign Minister Qian Qichen.

Chinese Foreign Ministry spokesman Li Zhaoxing made this announcement at a weekly news briefing here this afternoon.

Qian Qichen, Cambodia's Sihanouk Meet in Paris
OW1201022089 Beijing XINHUA in English
0150 GMT 12 Jan 89

[Text] Paris, January 11 (XINHUA)—Samdech Norodom Sihanouk, president of Democratic Kampuchea, today told Chinese Foreign Minister Qian Qichen during talks here that he would continue his efforts to establish an independent Kampuchea.

According to Chinese sources, Qian, who came here to attend the January 7-11 conference on banning chemical weapons, was informed by Sihanouk of his recent contacts with concerned parties for a political solution to the Kampuchean problem.

Sihanouk said his five-point proposal on the Kampuchean problem should be accepted by the concerned sides and he would "continue his efforts in establishing an independent, peaceful, neutral and non-aligned Kampuchea." Sihanouk expressed his gratitude to China and the international community for their support for his just cause.

The Chinese minister expressed his high appreciation of Sihanouk's efforts in seeking a political settlement of the Kampuchean problem and expressed the hope that the process of solving the Kampuchean issue in a just and reasonable way would see a major development this year.

Qian Qichen indicated there are currently two major problems which need a solution: the withdrawal of the Vietnamese troops from Kampuchea and the establishment, through consultations by the four Kampuchean parties, of a four-party coalition government headed by Sihanouk.

Qian conveyed Chinese leaders' good wishes to the prince and in return, Sihanouk also asked the minister to give his hearty wishes and respect to Chinese leaders.

1989 Crucial to Problem Resolution
*OW1201035889 Beijing Domestic Service
in Mandarin 2230 GMT 11 Jan 89*

[By Paris-based station reporter Wang Zuozhao]

[Text] Foreign Minister Qian Qichen met with Prince Sihanouk in Paris yesterday [11 January]. The foreign minister asserted that the year 1989 will be a crucial one for resolving the Cambodian issue. He expressed hope that important progress will be made this year in the search for a fair and reasonable settlement to the Cambodian issue.

Prince Sihanouk affirmed that he would continue his efforts to establish an independent, peaceful, neutral, and nonaligned Cambodia.

Unofficial Talks Sought With SRV
*AU1201105189 Paris AFP in English 1048 GMT
12 Jan 89*

[Text] Paris, Jan 12 (AFP)—China now favours unofficial talks with Vietnam on the future of Cambodia, China's Foreign Minister Qian Qichen said here Wednesday [11 January] at a dinner hosted by Cambodia's Prince Norodom Sihanouk, according to the prince's aides.

Mr. Qian revealed that his Vietnamese counterpart Nguyen Co Thach had recently asked to visit China but had been turned down, Beijing insisting on pre-conditions such as a resolution of the Cambodian conflict, the sources said.

But China was prepared for unofficial talks with Vietnam at a lower, unofficial level, sources in the prince's entourage said.

Mr. Qian urged the tri-partite Cambodian resistance to reach agreement with the Hanoi-backed Phnom Penh regime so as not to give Vietnam a pretext to stay on, they said.

Hanoi has said it wants to pull its troops out—it said it withdrew 50,000 soldiers, or half its forces, last year—but is anxious to avoid the return of the Chinese-backed Khmer Rouge, who with an estimated 30,000 fighters, are the largest and militarily most powerful faction in the resistance.

Vietnam invaded Cambodia in December 1978 to topple a Khmer Rouge regime held responsible for the deaths of hundreds of thousands of Cambodians after it took power in 1975.

A Chinese foreign ministry spokesman said Mr. Qian believed 1989 would be a "crucial" year in the search for a solution in Cambodia.

The prince's sources said Mr. Qian had discussed the matter with his Soviet counterpart Eduard Shevardnadze here on Sunday.

Mr. Shevardnadze, whose government backs Vietnam, told Mr. Qian Cambodia's problems could be resolved this year, the sources said.

Mr. Qian described Sino-Soviet talks on Cambodia as "encouraging," the prince's sources said.

Both ministers were here for an international conference on chemical weapons, while Prince Sihanouk is living here temporarily.

At Wednesday's dinner Mr. Qian said China backed the prince's five-point plan for a Vietnamese withdrawal and the simultaneous dismantling of the resistance and the Phnom Penh regime, according to the sources.

Article on Eliminating Chemical Weapons
*HK1201103089 Beijing RENMIN RIBAO
in Chinese 12 Jan 88 p 6*

[Article by Yu Zhongzhou (0060 0022 3166): "Hope for Elimination of Chemical Weapons"]

[Text] For the past week "chemical warfare" and "chemical weapons" have once again aroused the attention of the international community. More than 145 countries sent delegations to attend the international conference on banning chemical weapons in Paris.

Mass media in various countries have given extensive coverage to this conference, and people have become more knowledgeable about this issue.

The convening of the international conference on banning chemical weapons in Paris indicates that people are now more seriously concerned with chemical warfare and chemical weapons. Chemical weapons have been used from time to time since the end of World War II. According to foreign news agencies reports, the scale and frequency of chemical warfare in the Gulf war in recent years was unprecedented since World War I. A more worrisome fact is that more and more countries and regions in the world now possess chemical weapons, and the technology of making chemical weapons for the military is also developing. This casts an ominous shadow on the feeling of security that the world's people have gained in the last 2 years as the international situation has gradually relaxed. Therefore, there has been a common call for observing the 1925 Geneva Convention, which bans the use of chemical weapons. People are calling for a verifiable global convention as soon as possible to ban the use, development, production, storage, possession, transfer, and procurement of

chemical weapons and facilities for producing chemical weapons; thoroughly destroying all existing chemical weapons and production facilities; ensuring that no new chemical weapons and production facilities will appear; and eradicating once and for all the threat posed by chemical warfare against mankind.

Talks on banning chemical weapons can be traced back to 1969, but substantive talks began in the 1980's. The convention's framework has been built and some provisions finalized through the past 8 years of talks. However, as the convention's purpose is to put a thorough end to an entire category of warfare, it must involve many extremely complicated technical problems (because chemical weapons are also closely related to the civilian chemical industry). In addition, the talks are being conducted among 40 countries from different political groups and with different degrees of development. Naturally, the talks are arduous. However, as compared with arms control talks in other fields, the talks on the convention on banning chemical weapons made rather quick progress. The banning of chemical weapons is regarded as the only subject on which the disarmament conference, a multilateral arms control organization, can reach an agreement in the near future.

After the talks on the convention to ban chemical weapons entered a substantive stage, they continued to make steady progress. Since 1982 delegations from NATO and Warsaw Pact countries have reached agreement on one provision of the convention and have made substantial progress on some issues almost every year. In this period, although the Soviet invasion of Afghanistan and the United States' production of dual [er yuan hua 0059 0337 0553] chemical weapons produced some symbolic influence on the talks, the talks' pragmatic orientation has remained basically intact.

Why is this? First, relatively speaking, chemical weapons are not a major item of arms in the superpowers' rivalry or in terms of national security. The strategic value of such weapons cannot compare with nuclear weapons; and in tactical terms, they are not as indispensable as conventional weapons. The history of disarmament talks shows that it is easier to conclude a control agreement on less important weapons. Second, the two major military blocs that hold dominant positions in the arms control struggle assume a positive attitude toward chemical weapons disarmament. The East and West have been able to rapidly bring their positions on chemical weapons closer together, mainly because they have been driven by their respective considerations.

At present the convention on banning chemical weapons has basically taken shape. Although there remain some differences, the general tendency to conclude an agreement will not be reversed. Some countries explicitly hold that the talks should be concluded and signed by 1989 by overcoming the remaining difficulties so that steps can be taken 1 year after the convention comes into force to destroy chemical weapons and production facilities in

phases within 9 years. That is, the 1990's will be a decade of destroying chemical weapons. Whether this desire can be realized will depend on the political determination of the countries concerned. People hope that they will be freed from the threat of chemical weapons at an early date.

Palestinian UN Debate Participation Supported
OW1201082389 Beijing XINHUA in English
0219 GMT 12 Jan 89

[Text] United Nations, January 11 (XINHUA)—The U.N. Security Council today adopted a decision to grant Palestine's request for participation in the debate on the U.S. downing of two Libyan reconnaissance planes on January 4.

Passed by 11 votes in favor, one against and three abstentions—the one against being the United States, the decision brings Dr. Nasser al-Kidwa, Palestine's alternate permanent observer, back to his seat on the fifth day of the Council's emergency meeting.

For the first time in the history of Palestine, a member of its mission assumed his seat and later spoke behind the sign of "Palestine" in a U.N. meeting hall.

U.S. Ambassador Herbert Okun said before the vote that Palestine's request for participation in the Council's debate was not valid because of its status as an observer at the U.N.

But other speakers described the matter as procedural in nature in accordance with the letter and spirit of the U.N. Charter, which implies that a simple majority vote would decide if the request would be granted.

While 11 members of the Council, including China and the Soviet Union, voted in favor of the decision, Canada, Britain and France abstained.

Delegate Attends Asian Development Bank Meeting
OW1201050889 Beijing XINHUA in English
1259 GMT 10 Jan 89

[Text] Manila, January 10 (XINHUA)—The Asian Development Bank is holding its first round table meeting on development strategies at the bank's headquarters here.

According to ADB sources, the 3-day closed session from January 9 to 11 on the topic "development strategies for growth with equity" is being held to facilitate a frank exchange of views among delegates from eight of the bank's major borrowing countries and a panel of experts from both developed and developing countries.

The eight countries are Bangladesh, Burma, China, India, Indonesia, Nepal, Pakistan, and the Philippines.

The meeting is attended by top level development experts and high-level government planners.

Topics at the general session covered strategies for industrialization, domestic resources mobilization, the role of the private and public sectors, and poverty alleviation.

ADB President Masao Fujioka, in an opening address to the round table meeting today, called for economic development which guarantees growth with equity in the Asia-Pacific region.

Fujioka said the bank's operations would place increased attention on poverty alleviation in order to achieve greater equity together with growth objectives. Other areas of increased focus were environmental consideration and continued efforts to provide speedy and effective rehabilitation assistance after natural disasters.

He stressed the role of ADB as a development resource center—a "repository of information and a reservoir of knowledge and expertise" to which developing member countries of the bank would turn for policy advice on key development issues confronting them.

Literary Group Holds Reception for Diplomats

OW1101193789 Beijing XINHUA in English
1608 GMT 11 Jan 89

[Text] Beijing, January 11 (XINHUA)—Leaders of the China Federation of Literary and Art Circles (CFLAC) met diplomats from some 40 countries at a reception here today and expressed their hope of further expanding exchanges and cooperation with foreign countries.

This is first such activity sponsored by CFLAC since it re-emerged ten years ago after being disbanded during the "Cultural Revolution".

"One of CFLAC's major tasks is to promote exchanges with writers and artists the world over and make its own contributions to world culture," said Wu Zuqiang, CFLAC executive vice-chairman.

Wu, a composer, told the guests that CFLAC has so far held cultural exchanges with more than 70 countries, and about 200 such activities are conducted by CFLAC each year.

The federation now has 42 member organizations including more than 40,000 established writers and artists.

After Wu's speech, CFLAC Executive Chairman Cao Yu, who came specially for the occasion despite a poor health, met each of the diplomats.

A Polish diplomat congratulated CAO on his election to the post last November. He told the leading Chinese dramatist that Poland put on his play "Thunderstorm" as early as 20 years ago.

Talking with Wu Zhuqiang, Algerian Ambassador Lazhari Cheriet said that he hoped Algeria and China would co-produce films and translate works by leading writers of both countries.

The new Somali Ambassador, Mohamed Hassan, told Wu that this was the first cultural event in which he had participated in China since his arrival a month ago.

Also present were Executive Vice-Chairmen Painter Yin Shoushi, poet Li Ying and Beijing Opera singer Zhang Junqiu, as well as heads of 12 specialized associations of the federation.

At the reception, "the dreaming age", a new production by the China children's film studio, was shown to entertain the diplomats.

UNESCO Concern Over Protecting Fossil Site

OW1101213289 Beijing XINHUA in English
1445 GMT 11 Jan 89

[Text] Beijing, January 11 (XINHUA)—A recent report by the United Nations Educational, Scientific and Cultural Organization (UNESCO) said it was concerned about the conditions of the famous site of Peking man.

UNESCO called for more careful planning of future excavations.

The Peking Man lived about 600,000 years ago on some hills in Chouautien (Zhoukoudian) some 50 kilometers southwest of Beijing. Excavations carried out initially in the 1920s yielded fossils of some 40 individuals, but these were lost during the Second World War.

Further excavations have yielded some more fossils, and the remains are now kept in museums in Sweden and in Beijing, the report said. The Beijing Museum was built in 1972 and also contains replicas of the fossils.

Scientists believe that about half of the site has still to be excavated in some 40 meters of stratigraphy.

The UNESCO document, which was written following a two-week visit to the site by a group of UNESCO experts, said that during earlier excavations, the caves had suffered. This damaged the original setting.

"Due to possible risks from cracked rock, cave roofs have in various parts been destroyed," the report said. "This makes it difficult today to appreciate the site as it was either when Peking man lived here or even at its later stages when soil accumulated."

Considering its importance to the history of mankind's development, much information can still be gleaned from the site, the report said. The site offers an important archaeological resource, and the improvement of research and educational facilities is important, it added.

Rain erosion was cited by the report as the principal threat to the unexcavated cave material. In order to prevent this, the report suggested placing a polyethylene sheet covered with some 30 centimeters of earth on the walls of the caves.

UNESCO's suggestions were welcomed by Professor Li Chuankui, deputy director of the Institute of Vertebrate Paleontology and Paleoanthropology under the Chinese Academy of Sciences, which is responsible for the administration of the site.

"These suggestions are reasonable and they will be conducive to our research work," he said, adding that "the Peking man site is first of all a scientific and educational center rather than a tourist attraction."

Each year, about 200,000 Chinese and between 200 and 400 foreign tourists visit the site.

United States & Canada

Reagan's Proposals, Bush's Maneuverability Noted
HK1201094789 Beijing RENMIN RIBAO
in Chinese 12 Jan 89 p 7

[Dispatch by RENMIN RIBAO reporter Jing Xianfa (2529 2009 3127): "Reagan's Budget Proposals and Bush's Maneuvering Room"]

[Text] Washington, 10 Jan—On 9 January President Reagan, who is soon to be relieved of office, presented his last budget proposals during his term of office. According to his proposals, in fiscal year 1990 the total U.S. Government expenditure will be \$1,150 billion. Under the prerequisite of not increasing taxes, the budgetary deficit will be reduced to \$92.5 billion, which is lower than the maximum of \$100 billion set by the law on emergency balancing of [passage indistinct] White, director of the Office of Management and Budget of the White House, stated that Reagan's proposals "have laid the best foundation for discussions" for President Bush, who is to assume his post soon, when he deals with Congress.

On 20 February Bush will submit his own revised budget proposals. He said that he agreed with the intention of Reagan's proposals, but would "probably make some revisions."

To reduce the budgetary deficit, Reagan has reduced medical and welfare as well as agricultural spending by a big margin. Obviously, Congress can hardly approved this. Due to the fact that there is a gap of \$7.5 billion between Reagan's budgetary deficit and the limit set by

the law on emergency budget balancing, Bush will be able to cut social welfare and agricultural spending by a smaller margin. However, regarding military expenditure, Bush might possibly increase the military budget slightly to pander to Congress' taste.

Of course, Bush will also face pressures. According to the law on emergency budget balancing, he must make efforts to reduce the deficit by at least \$34 billion. If Reagan's proposed growth in military expenditure is reduced by too big a margin, this will be opposed by the conservatives. To keep his promise made during the election campaign, Bush might reduce other social spending. If this happens, his revised budget proposals might run aground in Congress.

In the revised budget proposals Bush is to submit soon, it seems the most important unknown factor is the economic trend in the United States. Rather than saying that President Reagan's budget proposals will lay a good foundation for incoming President Bush, it is better for us to stress that the huge financial deficits accumulated during Reagan's 8 years in office have left a heavy burden for Bush. When the American public is examining President Reagan's financial budget proposals for the last time, more of its attention will inevitably be focused on President Bush's revised budget proposals, which have not yet been submitted.

'Roundup' Views Measures To Control U.S. Dollar
OW1201085689 Beijing XINHUA in English
0647 GMT 12 Jan 89

["Roundup: Joint Intervention Temporarily Subdues Greenback" by Xue Limin—XINHUA headline]

[Text] New York, January 11 (XINHUA)—The rallying U.S. dollar subdued today thanks to joint intervention by the central banks of the United States and other major western countries.

In New York trading this afternoon, the dollar closed down to 1.82 Deutsche marks and 125.80 Japanese yen from yesterday's 1.8343 marks and 126.30 yen.

Analysts attributed the dollar's drop to concerted intervention by the federal reserve of the U.S. and central banks of Federal Germany, the Netherlands, Switzerland and Canada, which were allegedly selling the dollar in an effort to stem its advance.

The U.S. unit has been strong since the beginning of the New Year. It has kept rising against other major western currencies all the time except for the first trading day of the year, when it dropped to 1.7670 marks and 123.80 yen from the 1.7770 marks and 124.95 yen of December 30, the last session of 1988.

On January 4, the dollar surged up markedly on news that two Libya jet fighters were shot down by the U.S. Navy in the Mediterranean, an act that observers considered as related to the U.S. charge of Libya's construction of a chemical weapons plant.

The greenback kept rising for the remaining part of last week on the belief that it is still the safe haven in time of international tensions.

In the earlier two sessions this week, the central banks, mainly the Federal Reserve and the Bundesbank, sold the dollar in modest amounts but failed to check its advance.

Last Monday, the dollar stood mixed under intervention, rising to 1.82 marks from Friday's 1.8165 marks and falling to 125.90 yen from 126.75 yen.

On Tuesday, the dollar brushed aside intervention and soared up to 1.8343 marks and 126.30 yen.

In the short term, "it is hard to say whether the dollar will get stronger or weaker," said a currency dealer with a major bank in New York, who asked not to be identified.

"Perceptions of higher interest rates in the United States and reports of difference within the G-7 on the exchange rate policy are two conflicting forces behind the dollar. It depends on which force wins," he said.

However, many analysts said the fundamentals are favorable to the dollar in the longer term, citing the strong U.S. economy and relatively high interest rates in the United States.

They also said that if the congress supports George Bush's budget amendments after he took office on January 20, it will be positive for the dollar.

The American central bank has pushed up federal funds rate recently which now stands at 9.125 percent. The federal funds rate, which is charged for overnight loans among commercial banks, is the rate that the Fed can influence most directly.

Now the market generally expects the Federal Reserve to raise interest rates further.

Many analysts have predicted that the Fed may raise its discount rate at any time, probably from the current 6.5 percent to 7 percent, and that the move will be followed by a hike of commercial banks' prime lending rates, either by 0.25 or 0.5 percentage point up from the current 10.5 percent.

With the relative higher level of U.S. real interest rates among the G-7 industrial giants, the dollar is expected to keep its strength until the middle of the year, analysts said.

In the second half of the year, the dollar "may fall a bit, but will not drop much before the year ends," said Joseph Pardol, assistant vice president of Dresdner Bank AG in New York.

Northeast Asia

Friendship Association Head's Message to DPRK
SK1201061589 Beijing International Service
in Korean 1100 GMT 2 Jan 89

[New Year speech by Cui Yueli, president of the China-Korea Friendship Association]

[Text] [Begin Cui Yueli recording in Mandarin fading into Korean translation] Dear listeners in Korea: At this time, when we are welcoming in a New Year, 1989, following the old year of 1988, I, in the name of the Chinese People's Association for Friendship With Foreign Countries and the Korea Friendship Association, extend warm holiday greetings to the fraternal Korean people, and do so with extreme happy feelings.

During the past year the peoples of China and Korea attained brilliant successes in socialist construction. In the new march of building a (powerful), modern, socialist country, the Chinese people have continued their advance, overcoming difficulties on the road to advancement.

The fraternal Korean people, under the leadership of the Worker's Party of Korea (WPK) and the great leader Comrade Kim Il-sung, have attained proud successes in all domains of socialist construction.

In 1953 I went to Korea as a member of the Chinese (Central) delegation which went to express our support and saw the Chinese People's Volunteers and the fraternal Korean people fight together in the same bunkers.

The heroic spirit of the Korean people never buckling under to tyranny and fearing no [word indistinct] and their shining creative accomplishments left me with an impression I can never forget.

When I lead a delegation to Pyongyang last September, in response to an invitation to participate in the 40th anniversary of the founding of Korea, I once again saw with my own eyes the astounding, cataclysmic changes that have taken place in this land of heroes in the last 35 years.

The heart-moving appearance of the DPRK which has solemnly risen as a [word indistinct] powerful socialist state on the heap of war-caused ruins in the east of the globe made me happy beyond description.

During my stay in Korea I saw the fraternal Korean people tirelessly struggle with a firm conviction in their own future and with revolutionary zeal that filled every corner of the country in order to make their own country wealthier and stronger.

We rejoice over all the fraternal Korean people's successes as if they were our own and wholeheartedly wish them greater successes in socialist construction in the New Year.

China and Korea are close neighbors connected to each other by mountains and rivers. The peoples of our two countries have maintained a long, traditional friendship.

In the revolutionary struggle against the common enemy and also in the cause of socialist construction, the peoples of our two countries are fighting shoulder-to-shoulder for their common ideals and cause, mutually supporting and closely cooperating with each other at all times.

The mutual visits by the leaders of our two countries during the past year, the friendship in various domains, and the strengthened friendly cooperation between the peoples have brought to a new height the militant friendship that the two peoples have sealed in blood in the course of a long revolutionary struggle.

Through my visit I deeply realized that the great China-Korea friendship has struck its roots deep in the hearts of the peoples of the two countries.

Strengthening and developing China-Korea friendship without interruption and inheriting it from generation to generation is the common desire of our two peoples.

We are firmly convinced that in the New Year friendly and cooperative relations between the peoples of China and Korea, under the warm consideration of our two countries' leaders and based on common efforts by the peoples of our two countries, will further deepen and develop and will make a new contribution to accelerating socialist construction in the two countries in the course of making a joint advancement.

The unanimous desire of the peoples of the two countries is the reunification of the divided national territory at an early date. In the New Year the peoples of our two countries will continue their struggle for the independent reunification of their own countries.

The Chinese people fully support the Korean people's principled stand and just struggle for their fatherland's independent reunification, and strongly support the all-inclusive peace proposal advanced by the joint meeting of the Central People's Committee, the Supreme People's Assembly Standing Committee, and the State Administration Council of Korea.

We are convinced that Korea's national reunification is a current of history and, therefore, nobody can stop it.

The heroic Korean people, under the leadership of the WPK and President Kim Il-sung, will attain, without fail, final victory in the struggle for the independent and peaceful reunification of their country through their uninterrupted efforts.

Hoping that the dear Korean people will be happy and lead a happy home life, I wholeheartedly wish them greater success in the New Year. [end recording]

DPRK Envoy Appreciates Support of Struggle
OW1201081989 Beijing XINHUA in English
1151 GMT 11 Jan 89

[Text] Beijing, January 11 (XINHUA)—Ambassador of the Democratic People's Republic of Korea (DPRK) to China gave a press conference here this morning on the new proposals for the reunification of his country put forward by DPRK President Kim Il-sung.

Ambassador Chu Chang-chun said that President Kim Il-sung stressed in his New Year message that the North and the South should make a breakthrough for mutual trust and unity as early as possible by taking an effective measure for the removal of political and military confrontation.

President Kim Il-sung pointed out that if the South Korean authorities are ready to bring about a new turn in their policy in response to these endeavours of the North, they should at least clearly express their attitude not to stage the "Team Spirit" joint military exercise this year.

Kim Il-sung also said that a national agreement on the reasonable way for the solution of the national reunification should be reached in this year. He proposed that a North-South political consultative meeting be held in Pyongyang in the near future with the participation of leadership-level people who can represent the will of [passage indistinct] people of all walks of life in the North and South.

The ambassador said that the political consultative meeting of leadership-level people from North and South "will be a forum for national negotiation which makes it possible to collect the nation's interest most easily under the present circumstances, and it will be a reasonable way to reach a national agreement on the way to achieve reunification."

Chu Chang-chun expressed thanks to the socialist countries including the People's Republic of China, non-aligned countries and all the people of the progressive and peace-loving countries of the world for their active support to the Korean people's just struggle for independent, peaceful reunification of his country.

Southeast Asia & Pacific

Vietnamese Foreign Deputy Minister To Visit
*HK1201093589 Hong Kong AFP in English 0917 GMT
12 Jan 89*

[Text] Beijing, Jan 12 (AFP)—Vietnamese Deputy Foreign Minister Tran Quang Co will visit China in the next few weeks, and probably before the end of this month, a well-placed Asian diplomatic source said Thursday.

The visit, whose exact status was unknown, would be the first contact at this level between the two countries for more than 10 years.

Mr. Tran was expected to meet his Chinese counterpart Liu Shuqing and discuss a settlement to the Cambodian problem, the source said.

(In a radio broadcast monitored in Bangkok earlier Thursday Cambodian resistance leader Prince Norodom Ranariddh also said that China had agreed to receive Vietnamese Foreign Minister Nguyen Co Thach or one of his deputies early next month.

(The son of Cambodian resistance leader Prince Norodom Sihanouk added that the Soviet Union had called on China to open negotiations with Vietnam.

(He also said the United Nations had amassed 600 million U.S. dollars to send an international peacekeeping force of 7,000 men to Cambodia following a total Vietnamese troop withdrawal.)

Vietnam set up a client government in Phnom Penh after a December 1978 invasion to topple the Chinese-backed Khmer Rouge regime blamed for the deaths of hundreds of thousands of Cambodians.

(Prince Ranariddh, who represents his father in Thailand, was speaking in an interview with the clandestine resistance radio station the Voice of the Khmer People.)

Commentary Welcomes Vietnam's Withdrawal Gesture
*HK1201033289 Beijing RENMIN RIBAO
Overseas Edition in Chinese 12 Jan 89 p 6*

[Commentator's article: "A Step Forward"]

[Text] As soon as the New Year dawned the Vietnamese Foreign Ministry declared that Vietnam would withdraw all its troops from Cambodia by September if a political solution to the Cambodian issue was reached. Furthermore, Vietnam has agreed for the first time that the troop withdrawal and all other settlements concerned "will be implemented under effective international monitoring." One cannot deny that this Vietnamese Government statement on troop withdrawal is a step forward compared with what it has offered before; the Vietnamese have finally put forth an acceptable [xiang yang de

0288 2876 4104] schedule for troop withdrawal which is 15 months ahead of the deadline it offered before. The world media hold that this is a positive gesture on Vietnam's part.

It has long been pointed out that the crux of the Cambodian issue lies in Vietnam's invasion. Therefore, the key to the political solution lies in withdrawal of all Vietnamese troops from Cambodia. In the past years the UN General Assembly has repeatedly adopted resolutions urging Vietnam to withdraw its troops from Cambodia. This reflected the international community's common desire and understanding. Although all other parties concerned have made great efforts to seek a political solution to the Cambodian issue, no major breakthrough has been achieved because Vietnam has always turned down any proposal for an early withdrawal of all its troops from Cambodia. The Vietnamese Government's 6 January statement should be welcomed [zhi de huan ying de 0237 1779 2970 6601 4104] because it conforms with the international community's wish and has paved the way for a political solution to the Cambodian issue.

At present the international situation as a whole is relaxing, and all hot spots are cooling down. Political settlements on the Afghan issue, the Iran-Iraq war, the southwest African issue, and so on have been made one after another. In contrast to this, the 10-year-old war of Vietnamese aggression against Cambodia still continues. This is obviously counter to the current international trend and, therefore, the issue has naturally become a focus of attention for the world media.

People of all nations are eagerly looking forward to an early, reasonable solution to the issue in Cambodia, like in other hot spots across the world, so that the war will subside in Cambodia, the people in Indochina will be redeemed from miseries, and the Asian-Pacific region will enjoy peace again.

The solution to the Cambodian issue will benefit Vietnam. As everybody knows, Vietnam plunged into this protracted aggressive war soon after the end of the anti-U.S. war. The Cambodian war has inflicted tremendous losses on Vietnam's economy and turned out to be a terribly heavy burden on Vietnam. While the people are enduring untold sufferings, the Vietnamese Government is finding itself more and more isolated in the world. Undoubtedly an early withdrawal of all its troops from Cambodia will help Vietnam improve its image in the world and invigorate its national economy as well.

After all, the Vietnamese Government's statement on troop withdrawal is merely a promise. There is still a very long way to go from a promise of withdrawal to the real withdrawal of all the troops under effective international monitoring. The international community is looking forward to further positive steps to be taken by the Vietnamese Government.

Indonesia Considers Trade Office in PRC
OW1101125589 Beijing XINHUA in English
 1452 GMT 10 Jan 89

[Text] Hong Kong, January 10 (XINHUA)—The Indonesian Trade Ministry is now studying the state company Sucofindo's wish to open a representative office in the People's Republic of China in a bid to boost direct trade ties between both nations, OANA-ANTARA reported from Jakarta today, quoting Indonesian Trade Minister Arifin Siregar.

Sucofindo, or the Superintending Company of Indonesia, is a state company under the auspices of the Indonesian Trade Ministry.

The trade minister was quoted as saying in Jakarta on Monday that the government will decide whether to open a representative office there (in China) or not.

"We are still waiting for further developments. It is now too early to say Sucofindo will open an office there," he said.

Arifin Siregar said that one of the problems confronting the direct trade relations between the two countries is: Some Indonesian businessmen still prefer to use the services of third parties such as Hong Kong and Singapore in trading with China.

Another factor which should also be considered, according to the minister, is the appointment of the Swiss Societe Generale de Surveillance (SGS) by the Indonesian Government to supervise all imported goods entering Indonesia.

"We also have an agreement with SGS to do the inspection in countries where we import goods," Siregar explained.

Burma Cross-Border Trade Increases Revenue
OW1101134689 Beijing XINHUA in English
 0700 GMT 11 Jan 89

[Text] Rangoon, January 11 (XINHUA)—Burma has netted about 30 million kyat (about 4.5 million U.S. dollars) in customs duty a month from Burma-China cross-border trade, according to the WORKING PEOPLE'S DAILY today.

In the past only 10.5 million kyat of customs duty was realized a year from the cross-border trade, chairman of the Shan State Law and Order Restoration Council and Commander of Eastern Command Brig-General Maung Aye disclosed, when meeting with local officials recently.

He said that the substantial growth was attributable to an open-do economic policy that is now practised in the country, the report added.

The Burma-China border trade was opened officially last October in an agreement between corporations of the two countries.

Burma is making efforts to officially open border trade with other neighboring countries, it is learned.

Machinery Exhibition Opens in Philippines
OW1201080689 Beijing XINHUA in English
 1239 GMT 10 Jan 89

[Text] Manila, January 10 (XINHUA)—Hundreds of Filipino people thronged a seaside exhibition center and viewed a good collection of machinery with keen interest as the China Machinery Exhibition opened in Manila today.

Some 240 varieties of machinery representing the latest developments in China's machinery manufacturing technology are on display at the exhibition, the first of its kind in the Philippines. The exhibition was organized by the China National Machinery Import and Export Corporation.

Among the more than 500 guests attending the ribbon-cutting ceremony were Jose Concepcion, secretary of trade and industry, Antonio Cuenco, speaker pro tempore of the House of Representatives, Francisco Sumulong, majority floor leader of the House, and uncle of President Corazon Aquino.

Addressing the opening rite, Concepcion said that the exhibition is a significant one in the Philippines after the New Year comes in.

He recalled the visit of President Corazon Aquino to China last April and said it "heralds a new dimension of economic cooperation with the People's Republic of China."

Cuenco said that the exhibition is a great one that will be attended by a lot of Filipinos. He hoped the exhibition would be "one of the keys that would unlock the doors of industrialization and commerce between our two nations for mutual benefit and advantage."

Then the guests viewed the exhibition of equipment and machinery used in food processing, construction, mining, transportation, and everyday life.

The exhibition will last 1 week from January 10 to 15.

Near East & South Asia

Pakistan's Bhutto May Visit in Early 1989
OW1201133989 Beijing XINHUA in English
 1317 GMT 12 Jan 89

[Text] Beijing, January 12 (XINHUA)—Prime Minister of Pakistan Benazir Bhutto may visit China within the first quarter of this year, Pakistan's Ambassador to China Akram Zaki said here today.

Speaking at a reception he gave for journalists at his embassy this afternoon, Zaki said B. Bhutto's visit to China "will definitely materialize in the first half this year, if not the first quarter."

However, he said, an exact date has not been fixed yet.

The friendship with China represents "one of the pillars" of Pakistan's foreign policies, Zaki said, adding the new government attaches great importance to consolidating and strengthening the friendship between Pakistan and China.

B. Bhutto's choice of China for her first state visit reflects this friendship, he added.

B. Bhutto expressed her wish to visit China first in her capacity as prime minister shortly after she assumed office, according to earlier reports.

Sub-Saharan Africa

Hong Kong Papers Discuss Sino-African Clashes

Editorial Discusses Results
HK1201030689 Hong Kong TA KUNG PAO
in English 12 Jan 89 p 2

[Text] Sino-African Student Clash and Aftermath

Thanks to the joint efforts of the Chinese authorities and African diplomats, the foreboding tension resulting from a melee between Chinese and African students on Christmas Eve at the Hehai University in Nanjing has been largely brought under control, and matters are being handled according to due Chinese legal process in the spirit of the traditional friendly ties between China and the African countries.

Noteworthy is the expressed belief of African diplomats in Beijing that the recent clashes between African and Chinese students should not affect the friendly Sino-African relations.

In a statement to REUTER, an unidentified ranking African or foreign diplomat said: "We must solve those problems together with our Chinese friends. We have good cooperative ties with China, which has provided excellent study conditions for our students although itself has a big population."

The excellent study conditions are not just the stipends which the Chinese government has all along generously provided for the more than 1,500 African students who account for roughly one fourth of foreign students undertaking studies in Chinese universities. In the case of the Hehai University, the 69 African students are accommodated much more comfortably than their Chinese counterparts in dormitories with central heating, and they have their special canteen. Enrolled at Hehai, best

known for the disciplines of irrigation and water conservation, the visiting scholars have much to learn that can be usefully applied in their drought-prone countries.

Far from racial discrimination, the stark privileges enjoyed by the African students cannot but put their Chinese colleagues in the position of second-class citizens in their own country, if there is indeed such a disgraceful phenomenon in China. One can imagine the frustration of the Chinese students was not helped by the unruly behaviour of some African students who had earlier knocked down a wall built around their dormitory for their own safety and created a near riot at the university's cashier's office simply because it wanted the offenders to pay for the destruction.

But it would be naive to believe that the recent campus disturbances will basically change Beijing's longstanding policy of giving special considerations to students from the Third World in general and African countries in particular.

The Chinese government is to be applauded for doing all it could to prevent the campus unrest from erupting into a diplomatic crisis as alleged to be the case by foreign news agencies. No doubt, this was in part achieved by giving the African diplomats free access to the Chinese judicial authorities and all personnel involved in the Christmas Eve brawl, including the three African students under detention, in the course of their two fact-finding trips to Nanjing.

Chinese Laws And Regulations

Mr Gabriel Emouengue, Congolese ambassador to China, told reporters that he and other African diplomats who were in Nanjing over the weekend believed that the African students should return to the classroom as soon as possible and respect Chinese laws, the school regulations and the local customs and mores.

In emphasizing respect for Chinese laws and regulations, Chinese officials have taken pains to explain that Chinese students studying abroad must also respect the laws and customs and mores of foreign countries. Foreigners in China are no doubt aware of the premium Beijing puts on social stability. Obviously, this purpose cannot be served by campus demonstrations and strikes whether they are staged by foreign or Chinese students. In the final analysis, only the Chinese judiciary can judge who is responsible for the disturbances.

A Chinese saying goes that rough language is inevitable when two parties are engaged in verbal sullenies. Although gweilo (foreign devil) is generally accepted as a harmless idiom in colloquial Cantonese, the usage of hei gui (black devil) on the mainland definitely carries a connotation of defiance and scorn which ought not have been uttered by students receiving higher education in a supposedly civilized country. On the other hand, the tenability of

such charges as 'racial discrimination' and 'apartheid' levelled at a country bending backwards to help train African students is for all to see.

Chinese Customs and Mores

As for Chinese customs and mores, the African students would be well advised to remember the different social milieu they must live with in China. Of course they are free to mix with their Chinese female colleagues on the campus or in inter-campus activities. But it should be recognized that, in China, association between different sex is still less free than in many other countries. This is not to deny that some Chinese girls have a knack of going out with foreigners, but the invisible social prejudice against such behaviour is always there. Perhaps the African students will bear less grudge against this physiological barrier if they think of the fact that white students in China must also cope with this problem. Right or not, this is a Chinese reality a foreign student has to learn to accept. It is to be hoped that recognition of this reality will help the African students to be more prudent during their sojourn in Chinese universities, and devote their time and energy to studying the culture, arts, science and technologies which China has to offer.

It has been rightly suggested by both the Chinese authorities and African diplomats that the African governments concerned should be more stringent in the selection of students who wish to study in China. It is important that they not only meet the academic requirements but are also well briefed on all the relevant Chinese laws and university regulations as well as the social milieu they are expected to live with.

In view of the fact that the recent wave of disturbances was only one in a series of incidents provoked by African students, it is to be hoped that the lessons drawn will lead to more effective and mutually accommodating policies on the part of both the Chinese and African governments.

University Defers Punishment

*HK1201025189 Hong Kong HONGKONG STANDARD
in English 12 Jan 89 p 6*

[By Fan Cheuk-wan]

[Text] Hehai University in Nanjing is holding back on penalising African students involved in the Christmas Eve campus affray pending results of discussions with African diplomats in Beijing.

Mr Huang Jing, vice president of the university, left Nanjing for the capital on Monday to arrange discussions with diplomats from Ghana and Benin.

Discussions will focus on the treatment of three African students being detained by the Nanjing Public Security Bureau and the others involved in the bloody clash with Chinese students last month.

Because his time was already committed to Government meetings, president of the university, Mr Liang Ruiju, did not join the discussions.

The president's secretary, Mr Zhang Jianmin, yesterday told THE HONGKONG STANDARD the university would prefer applying "education measures rather than penalties".

The university earlier promised to punish nine alleged ringleaders of the December violence, according to the Chinese laws and school regulations.

The Teaching Affairs Committee of the university wants to expel the four students believed to be leaders in the affray in which a university employee was seriously injured.

But Mr Zhang said any decisions on penalties would await the outcome of discussions between Mr Huang and the African diplomats.

"We are very concerned about the friendship between China and African countries," he said. "We understand that African countries need personnel to develop their countries, that's why they send their students to China."

More than 50 African students are enrolled in Hehai University. Mr Zhang expects the university authorities would talk to all of them.

"We tell the students to respect Chinese laws and school regulations and ask them to concentrate on their studies," he said. "That will be beneficial to the relations between China and their own countries."

Less than 10 African students in Nanjing had demanded to end their studies and go home, he said.

"Those (who) want to leave China belong to a minority group," he said.

Mr Zhang denied press reports that four African students had been expelled, adding the decision required the president's final approval.

Ghanaian student Alex Dzabaku Dosoo is now under criminal detention pending a police investigation into an assault charge.

Two others, Dossoumou Boni Lodovic from Benin and Alpha Robinson from Gambia, are being held for 15 days' detention.

"I believe the Ghanaian student will be expelled if he is convicted. But the others may be allowed to stay if they are willing to reform themselves," Mr Zhang said.

A Ghanaian diplomat has demanded the release of the Ghanaian student.

But Mr Wang Guangsen, spokesman for the Jiangsu Provincial Foreign Affairs Office, yesterday said "the diplomat did not understand Chinese laws. Everybody who breaks the laws must be treated according to our laws," he said.

Mr Wang said of the handful of students demanding to leave China: "It will do no good to them if they drop their studies. China has provided very good preferential treatment and scholarships."

'News Feature' on Cubans Leaving Angola
OW1101154489 Beijing XINHUA in English
0840 GMT 11 Jan 89

['News Feature: Cubans Begin Leaving Angola;']
Zhao Xiaozhong—XINHUA headline]

[Text] Luanda, January 10 (XINHUA)—The first step toward peace in war-torn Angola and independence for Namibia was taken today when the first contingent of Cuban troops left here for Havana.

The 450 Cuban soldiers flew out of Luanda after the historic signing of the final batch of documents outlining Cuba's withdrawal of its estimated 50,000 troops from Angola.

Cuban Brig. Gen. Samuel C. Rodiles Planas and Angola's Major Gen. Ciel da Conceicao signed the withdrawal agreements at Luanda's Feb. 4th Airport. In attendance was chief of the U.N. observation group Brazilian Gen. Pericles Ferreira Gomes.

The 450 Cubans, including 20 women, make up the first group of 3,000 troops scheduled to leave by April 1 in accordance with an agreement signed by Angola, Cuba and South Africa on December 22 in New York.

By August 1, the remaining Cubans are to be moved back to just north of the 15th parallel, which runs across the middle of Angola, and then north of the 13th parallel by Nov. 1, when elections are scheduled to take place in Namibia.

In October 1975, Cuban leader Fidel Castro began sending his troops to Angola to fight against the anti-government UNITA (Union for the Total Independence of Angola) and, more recently, against South African troops. Cuban officials say 1,500 Cuban soldiers have died or were wounded in the years of fighting. Other estimates are much higher.

Angolan President Eduardo dos Santos has promised to erect a monument in honor of the Cubans who have died in battle.

Many Angolans went to the Luanda International Airport to see the Cubans off, after attending a mass rally in the May 1 Square in downtown Luanda.

Many Angolans seem grateful to the Cubans for helping them force South Africa to withdraw its troops from their country, but others take it with a grain of salt. "Should there be no Cubans, we would have had a clearer understanding of our duties and worked harder to fulfil them," a technician told XINHUA.

"We welcome the withdrawal because it has opened new prospects for the peace process in Angola and Namibia," said one local union official.

The cost of the total Cuban troop withdrawal is estimated at 800 million U.S. dollars. Angola has asked the United Nations to pay the price, saying that both Cuba and Angola are unable to shoulder the cost and without aid the withdrawal timetable will be affected.

The deadline for total withdrawal is June 1991. "The time is so long and the situation in Angola is so complex that anything can happen before all the Cubans are back home," a foreign diplomat in Luanda said.

The soldiers are leaving, but a total of 6,000 other Cubans, including doctors, teachers and construction workers will stay on. "While withdrawing our troops, we will see whether the other sides are sincere about the peace endeavor," said a Cuban colonel.

Despite the withdrawal, battles are continuing between the government troops of Angola and Unita forces. On either side of the Angola-Namibia borders, Angolan and South African troops stand face-to-face with each other.

Observers here say the Cuban withdrawal will be tricky.

West Europe

Li Peng Praises Western Europe as Trade Partner
HK1201022189 Beijing ZHONGGUO XINWEN SHE
in Chinese 1349 GMT 10 Jan 89

[Report: "Li Peng Says Western Europe Is China's Good Trade Partner"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 10 Jan (ZHONGGUO XINWEN SHE)—Premier Li Peng praised Western Europe here today as China's good trade partner.

He said: China has fine cooperative relations with Western Europe in such areas as economics and technology. Western Europe adopts an enlightened attitude toward technological transfers. We appreciate this.

Li Peng aired the above-mentioned views in a meeting with Pierre Suard, chairman of the Compagnie Generale d'Electricite (CGE) and chairman of Alcatel Group of France, in Zhongnanhai's Ziguangge Hall.

Li Peng said: China's improvement of its economic environment and rectification of its economic order will not affect its policy of opening up to the outside world. Most of the construction projects to be halted are office buildings, auditoriums, hotels, and guesthouses. Therefore, improvement and rectification means the readjustment [tiao zheng 6148 2419] of the economic structure. However, some weak links in the fields of energy, transportation, communications, and raw and semifinished materials should be strengthened.

Li Peng asked Suard to convey to business friends in France and other West European countries that China's policy of opening up to the outside world will by no means change and bilateral cooperation should continue.

Suard said that the main purpose of their current visit to China was to strengthen already established economic and trade relations and to promote and bring about more cooperation in other fields.

Congratulations Sent to FRG CP Congress
HK1201035789 Beijing RENMIN RIBAO
in Chinese 9 Jan 89 p 6

[Dispatch by reporter Jiang Jianguo (3068 1696 0948):
"CPC Central Committee Congratulates German Communist Party on Convening Ninth Congress"]

[Text] Frankfurt, 8 Jan—From 6 to 8 January the German Communist Party convened its Ninth Congress in Frankfurt, West Germany. A total of 651 delegates attended the conference, representing 47,000 or more German Communist Party members. Also present at the conference were representatives from 52 foreign communist parties and other organizations. Mandated by the CPC Central Committee, Wang Qingyu, minister-counselor of the Chinese Embassy in West Germany, attended the conference.

The CPC Central Committee sent a message of congratulation to the Ninth German Communist Party Congress on 3 January. The message said: The German Communist Party has for many years worked hard to unite with FRG progressive and democratic forces and untiringly struggled for the country's social progress and the working people's democratic rights. We elatedly notice that in the last few years our two parties have established and developed friendly relations on the basis of Marxism and of the unanimously agreed principles of independence, equality, mutual respect, and noninterference in each other's internal affairs. We firmly believe that continuing to develop the relations between our two parties will contribute toward the friendship of our two countries and peoples.

The congress reelected Herbert Mies German Communist Party chairman.

Cultural Accord With Spain Signed in Beijing
OW1201102989 Beijing XINHUA in English
1042 GMT 11 Jan 89

[Text] Beijing, January 11 (XINHUA)—A plan about cooperation in culture and education fields in 1989, 1990 and 1991 between the Chinese and Spanish Governments was signed here today.

Signing the plan were Xing Binghuan, deputy director of the Bureau for Cultural Relations With Foreign Countries of the Chinese Ministry of Culture, and Miguel Arias, director general of the culture relations of the Ministry of Foreign Affairs of Spain.

Miguel Arias arrived here January 7 at the head of a Spanish Government culture delegation to attend the Sino-Spanish third session of the bilateral culture joint committee.

Wang Meng, Chinese minister of culture, attended the signing ceremony and met with Miguel Arias and his party.

Latin America & Caribbean

Tian Jiyun Meets Brazilian Congress Delegation
OW1201114789 Beijing XINHUA in English
1205 GMT 11 Jan 89

[Text] Beijing, January 11 (XINHUA)—Chinese Vice-Premier Tian Jiyun met here today a delegation of the Brazilian National Congress headed by Humberto Lucena, chairman of the congress and president of the Federal Senate.

Tian expressed satisfaction over the all-round development of the Sino-Brazilian cooperation in the fields of politics, economy, culture, sciences and technology since the two countries established diplomatic relations in 1974.

He held that the cooperation between the two countries has broad prospects.

Lucena said Brazilian people are concerned with what is happening in China and his country stressed the diplomatic, trade and parliamentary contacts with China.

The delegation is scheduled to leave Beijing this evening for a tour of Shanghai, Guangzhou and Shenzhen.

Film About Deng Xiaoping Well Received
HK1201022389 Beijing RENMIN RIBAO
in Chinese 8 Jan 89 p 3

[Report by Tong Wen (0681 2429): "Documentary Film 'Deng Xiaoping in Guangxi' Is Well Received by the Public"]

[Text] The artistic documentary film "Deng Xiaoping in Guangxi" (written and directed by Chen Dunde) has recently been completed by the Radio and Television Department of the Guangxi Zhuang Autonomous Region, the Guangxi Film Studio, and other organizations.

At a forum held in Beijing on 7 January, Yang Chengwu, Mo Wenhua, Zhong Fuxiang, Ding Qiao, and others spoke highly of the film.

Wang Zhen acted as the chief adviser to the work of making this documentary film. The film has two versions, a film version and a television version. It is based on textual research done in the past few years by departments involved in studying party history. The film authentically records Deng Xiaoping's revolutionary activities in Guangxi during the 1929-1930 period when Deng Xiaoping was organizing and building the Red Seventh Army and the Red Eighth Army, leading the Bose Uprising, and setting up the Zuojiang and Youjiang Revolutionary bases. The film has integrated historical data with realistic scenes. It is permeated with the spirit of seeking truth from facts and is characteristic of the ideology of the times.

Zhao Ziyang Stresses Confidence in Reforms
HK1201021689 Beijing CHINA DAILY
in English 12 Jan 89 p 1

[By staff reporter Gu Chengwen]

[Text] Shijiazhuang—The economic reform which has spread across the socialist countries in the world, is a "natural result of social development," Party General Secretary Zhao Ziyang was quoted as saying yesterday.

Zhao told provincial officials in Handan City, Hebei Province, during a recent inspection tour that reform was needed to speed up scientific and technological development in these countries, because they discovered "the old model of planned economy had become a barrier to such development since the 1970s."

"The old Soviet model of planned economy had been useful in enabling the USSR to develop faster than the U.S. during earlier decades," Zhao said, "but it has, since the 1970s, become increasingly a barrier to further progress in science and technology and that was when reform became necessary."

However, there are still some people who feel puzzled why a socialist country needs reform. "This is because they have not realized that only by reforming the old mode of planned economy can socialism succeed," Zhao was quoted as saying by a local newspaper.

"It is as much wrong to doubt the correctness of reform just because of the current difficulties, as to doubt the socialist system itself," Zhao was quoted as saying.

He told the provincial officials that some people had doubts about reform, because "they expected to get too much from it in a short time, and felt disappointed when they didn't."

"We should have confidence in the success of reform, but also be patient and realistic in pursuing our objectives," he added.

Commentator Views Mind Emancipation
OW1001213989 Beijing GUANGMING RIBAO
in Chinese 20 Dec 88 pp 1, 4

[Commentator's article: "A New State of the Emancipation of the Mind—Writing for the 10th Anniversary of the 3d Plenary Session of the 11th CPC Central Committee"]

[Text] Ten years ago, the 3d Plenary Session of the 11th CPC Central Committee initiated a momentous movement for ideological emancipation, which has spread over every corner of China with the emancipation of the mind and seeking truth from facts as the brilliant principle to follow.

The decade-long ideological emancipation movement is a very extensive and thorough campaign. It is not a movement for a few people, but a great historical current formed by the amassment of hundreds of millions of people. It is not a class struggle, still less a man-made "revolution." It is a great change in the way of thinking, the method of activities, and the values in the minds of hundreds of millions of people.

The all-out efforts to eliminate chaos and restore order in the wake of the 3d Plenary Session of the 11th CPC Central Committee marked the beginning of this ideological emancipation movement. The issue at that time focused on whether we should remain in the confines of personality cult and dogmatism or break free, and whether we should support the leftist mistake that Mao Zedong made in his late years or free ourselves from the series of "leftist" things. In this regard, there existed the problems of lingering emotion and confused ideas, misunderstanding of theories, and the fixed trend of ideology. After the solution of these problems, the emancipation of minds began to touch on more profound questions: How to deal with the model adapted from the Soviet Union in the early 1950's; how to deal with the experience we had gained since the establishment of our revolutionary base areas as well as the experience of

reform in other socialist countries; and how to deal with the individual conclusions of authors of the Marxist classics. Included here were not only a host of major theoretical issues, but many practical questions that had never been experienced before. During the past years, numerous questions were presented. Some have been solved, but many require further theoretical probing and further practice before solutions can be reached.

With the strengthening of reform in recent years, the Chinese people's ideological emancipation is confronted with a series of new and more profound questions. They are: How to deal with the development of a socialist commodity economy, what attitude to take toward science and technology as the prime productive force, and whether or not to build up socialist democratic politics in our country. Among these questions, how to deal with the development of a socialist commodity economy is of prominent importance. Compared with the past, the emancipation of minds at present is of more profound significance, and the work involved is more comprehensive. This is a new development of the ideological emancipation movement since the 3d Plenary Session of the 11th CPC Central Committee. It represents a new task and a new state of ideological emancipation faced by the party and the people.

Uphold a New Concept in Line With the Socialist Commodity Economy

Our country's economy may be described as a socialist commodity economy. This is a significant development of Marxism made by our party. Making all-out efforts to develop the socialist commodity economy and achieve the commercialization, socialization, and modernization of production in our country is definitely not only of economic importance but will certainly have a far-reaching influence on the political, ideological, cultural and other fronts.

Going all-out to develop a socialist commodity economy and establish a new order for this economy in our country means, first of all, a radical change in the way of practice. China has transformed from a semifeudal and semicolonial society directly to a socialist society. Undoubtedly, this skip in historical stages has provided a favorable condition for the progress of our society. On the other hand, the several-thousand-year-old tradition of the natural economy and the widely scattered small-scale production units have become a heavy objective encumbrance to our country's socialist construction. This is a sharp contrast created by history and a historical contradiction that we can in no way avert. Unfortunately, we have mechanically copied experiences from other countries and put into practice an economic mode which is a commodity economy in name but an expanded natural economy in reality. At the same time, we have erroneously linked the commodity economy with capitalism and counterposed it to socialism. Every

measure conducive to developing the commodity economy is denounced as "capitalist." The result of this is the further aggravation of the historical contrast and the further sharpening of the historical contradiction that already exists.

The Marxist ideological line reestablished by the 3d Plenary Session of the 11th CPC Central Committee has made us gradually aware of the tremendous danger in expelling the commodity economy. It has enabled us to see the truth that "the full development of the commodity economy marks a stage that we cannot skip in the development of our society's economy," thus bringing about a radical change in our way of practice. It means that what we were familiar with in the past—things belonging to the natural economy—is no longer applicable, and what we were previously unfamiliar with—things belonging to the commodity economy—is forcing us to acquaint ourselves with and adapt ourselves to them. Isn't this precisely what we are required to do by the reality of the initial development of our country's commodity economy in recent years? The so-called change in our way of practice is the radical change in the purpose, elements, means, and methods of our practice. In other words, it is a change of the whole concept about practice rather than a change in a certain part of practice. Failure to see this point means failure to understand the significance of the commodity economy as a revolution against the natural economy.

Vigorously developing the socialist commodity economy and building a new order of socialist commodity economy also means a sharp change in ideology and the way we think. China has a 1,000-year-old tradition of natural economy. The sense of worship, dependence, self-confinement, and egalitarian fairness pertaining to small production in the environment of natural economy is bound to be replaced by the sense of self-determination, independence, competition, openness, and equality developed in the environment of commodity economy. In the environment of natural economy, producers have similar living conditions, and relations between them are not complicated. Their form of production does not encourage them to deal with each other, but tends to isolate them from others. They exchange what they have, mainly with the nature and less with the society, for the means of living. On the other hand, commodity economy gradually gains its dominant position in the course of eliminating natural economy. Without eliminating the narrow field of vision of natural economy, commodity economy is unable to survive. Without doing away with dependence on other people, an attribute of natural economy, and without vigorously expanding the area of business and taking part in competition, commodity economy is unable to develop.

In China, natural and seminatural economy still accounts for a high percentage of the nation's economy. The deeply-imbedded concept of natural economy cast on the mind and subconsciousness of the vast number of cadres and masses in the past few thousand years is not

something that can be changed in one day. This outmoded sense of natural economy is an invisible force that obstructs the development of commodity economy. In the final analysis, the thinking of "big and complete" and "small but complete," and the tendency of confining oneself within a self-delimited boundary, of setting up one's own economic system, and of practicing egalitarianism, which we have repeatedly criticized in recent years but still seriously prevails, are manifestations of the sense of natural economy in real life. This fact shows that ideological emancipation is a long-time task needed to develop socialist commodity and build a new order of socialist commodity economy.

Moreover, vigorously developing socialist commodity economy and building a new order of socialist commodity economy calls for a radical change in the way we think. Since the 1950's, we have gradually formed a concept that socialism is absolutely good, and capitalism is absolutely bad; and that socialism and capitalism are absolutely against each other. This concept has been the most important rationale for all our reasonings and arguments, and has become an unchangeable way of thinking. Since the 3d Plenary Session of the 11th CPC Central Committee, although this way of thinking has changed to a certain degree with the advocacy of pragmatism, it has surfaced as an established way of thinking from time to time. Whenever a new policy of reform is adopted or a new measure is taken to promote development of commodity economy, whether this policy and measure is capitalist or socialist is always at issue. On the one hand, this fact shows that our theories lack necessary persuasiveness, and, on the other hand, it proves that those outworn concepts in our thinking can no longer meet the needs of practical life. We should know that commodity economy is not a patented product of a certain social system. It is not a social system. It is a form of economy, a stage which mankind's social and economic development must go through. Therefore, capitalist society needs commodity economy, and socialist society also cannot live without it. Of course, socialist and capitalist systems do have some fundamental differences in commodity economy. However, these differences are not whether commodity economy should be developed, but rather that the systems of ownership are different. Socialist commodity economy based on public ownership should be a system based on planning and internal unification of markets. Regulating the market is by no means practicing capitalism. Once this is understood, what reasons do we have to hesitate and worry in developing socialist commodity economy?

Firmly Establish the New Concept That Science and Technology Are the Most Important Productive Force

In a recent important speech, Comrade Deng Xiaoping pointed out: As matters stand today, science and technology should be the most important productive force. Among various factors of productive forces, man is the most important one. Therefore, scientists, technological specialists, and technical workers are the most important

factor in developing productive forces. This is Comrade Deng Xiaoping's new conclusion on the role of modern science and technology in economic and social development, and the new development of his thinking that science and technology are productive forces, which he stressed in the 1970's. This new conclusion is bound to emancipate the minds of the vast numbers of cadres and masses.

The fact that science and technology are an ordinary productive force was known in the early stage of capitalism in which Marx lived. Today, we again conclude that science and technology are the most important productive force. Does this mean that the role of science and technology in modern productive forces has changed? The answer is yes. We know that man's understanding of the role of science and technology in production has gone through a process and that the application of science and technology in production is unavoidably restricted by social and historical conditions. For example, China once had well-developed science in ancient times, but only a very very small part of it was used in material production. The basic reasons for this are: The scale of production of small producers (small farmers and small handicraftsmen) was limited under natural economic conditions. This small production lacked an internal mechanism of social connection and only needed some common knowledge and experiences passed on from one's ancestors. It was unnecessary and impossible to employ science in production under such circumstances. It was the well-developed commodity economy and modern mass production technique of the capitalist society that first created considerable material means for researching, observing, and experimenting on natural science, enabling natural science to directly serve production, and turning the material production process into a process of applying science to production. In a period of capitalism's development in the past, application of science and technology in the production process was based on the division of mental labor and manual labor, and on the isolation of mental labor from material labor. However, this situation has begun to change in the last few decades. This change indicates that mental labor, manual labor, and material labor are in a process of combining with one another. This is an important historical change, a radical change in the relationship between mental labor and manual labor. Accompanying this change is the further strengthening of the role of science and technology in modern productive forces.

A fact that should also be pointed out is that the relationship between science and technology and commodity economy is also changing. Generally speaking, in the early stage of development of commodity economy in capitalist society, it was development of commodity economy that gave impetus to development of natural science and promoted the use of natural science in production. The situation is different today. It is usually development of science and technology that drives commodity economy forward. The most glaring example is that the new technological revolution that began in the

1940's and 1950's, represented by the development of electronic computers, nuclear technology, space technology, biological engineering, and various new materials has begun to bring about worldwide substantial change in the nature of social productive forces. Furthermore, it has hastened readjustment of industrial structure, prompting traditional processing industry to be continuously replaced by the newly developed information industry, and given rise to many new industries and economic spheres.

Just as launching satellites into space was not only important to the space industry, but also important to initiating a global satellite communications era, the significance of the development of a high-energy accelerator lies not only in its study of elementary particles but will also give impetus to the development of a series of traditional industries or give rise to some new industries. Commercialization and socialization of production are vigorously developing, with new scope and new content, focussing on information. The development chain of science and technology-production-market (namely, technology, industry, and trade) is taking shape. The phenomena of using science and technology to promote and encourage the development of the commodity economy and socialist production is an outstanding characteristic of the increasingly important role science and technology play in modern economy, society, and production. Of course, our country's economy and culture remain relatively backward, and generally speaking, the gap between the scientific and technological level of our nation and that of developed nations is still great. Yet it is all the more reason for us, from a perspective that regards science and technology as the most importance productive forces, to renew our understanding of the role and function of science and technology in the four modernizations drive and in the development of a commodity economy, so that we can properly arrange our work.

If we are to establish a new awareness of science and technology as the most importance forces, we must make great efforts to eliminate the old thinking and values people have. In our country, because of lack of competition in the systems of the traditional natural economy and the product economy, meaning no pressure from without and no motivation from within, science and technology in reality have not been duly valued. This constitutes an obstacle to the application of science and technology to the production process. This is exactly why unscientific and reckless conduct could have repeatedly occurred from the late-1950's to the mid-1970's. After the 3d plenary session of the 11th CPC Central Committee, more and more cadres and masses began to realize the importance of science and technology. However, this kind of change in concept is only beginning. Isn't the extensive-style management, characterized by large consumption of manpower and material resources, still around in our daily lives? To establish a new understanding of science and technology as the most important productive forces, it is necessary to follow the route

which relies on technological advances, scientific management, and intensive production, and which attaches importance to interior development instead of outward expansion. The basic requirement to achieve this is a change in people's thinking.

In order to establish the new concept that science and technology are the most important productive forces, we will have to attach importance to science and education and to knowledge and intellectuals. We are now near the juncture between two centuries. Many countries in the world (including the developed countries and some of the developing countries) already have their eyes on a favorable strategic position in the next century and are striving to develop their "comprehensive national strength." A new era is silently creeping up on us. A new kind of world structure is gradually taking shape. Lying at the very depth of this new era and new structure and acting as their most fundamental motive force is the new technological revolution, as well as the new productive force which arises from the large-scale transition of the results of this new technological revolution. In order for China to further develop in the future and occupy, in the next century, a position in the general structure of the world that befits a big power in the Orient, we must have a clear knowledge of the new trends and new pattern of world development, meet the challenge of the new technological revolution, and seize favorable opportunities to catch up with the developed countries so as to narrow the gap between us and them. We should clearly realize that contest in the world of the next century will primarily be the one centered on science and technology, on education, and on talents. We must have broader vision on this question and use the concept that science and technology are most important productive forces to decide on our strategy for future development and arrange the distribution of our limited manpower, material, and financial resources.

Today, as a result of our achievements in successfully conducting atomic and hydrogen bomb tests, China is in the ranks of the nuclear powers. We have also won a place in the international market of high technologies by launching satellites for other countries with the Long March rockets. Moreover, the successful test of the positron-negatron collider and the completion of the heavy ion accelerator have also won high praise in international science and technology circles. On the other hand, however, everywhere in our country, from leading organs to public opinion, people are very worried about such problems as the shortage of education funds, the fact that physical labor is placed before mental labor, and the deterioration of our teachers' quality. The high achievements in science and technology and the small number of elite scientists contrast sharply with the overall backwardness in science and culture and the large numbers of illiterates or semi-illiterates. What calls for serious thought, however, is the fact that there are some people who have yet to wake up, much less pay adequate attention to this situation. Their circumstances have not

changed much and they regard the situation with equanimity. The localities, departments, and units under their administrative control may have the money to procure imported sedans and build high-class hotels, but they can produce no funds to run education. They wantonly squander limited resources on construction projects and extravagance while keeping education, science, and culture on the back burner. If we want to break out of this narrowmindedness of the small producer characterized by short-term goals and eagerness for quick success and instant benefit, we must gear our efforts to the needs of the world, have the future in view, and firmly establish the new concept that science and technology are the most important productive forces.

Build the Kind of Democratic Politics Compatible With Socialist Commodity Economy and Modern Science and Technology

The reform is a profound revolution. The vigorous development of a socialist commodity economy and of science and technology in the course of the reform will inevitably lead to the kind of change and readjustment that goes beyond the relations of production, the economic base, and even the superstructure. It inevitably will call for the building of socialist democratic politics.

The need to build socialist democratic politics is objectively decided by the socialist commodity economy. This is because: 1) The commodity production and exchange activities are a kind of independent activity. In such activities, commodity producers have an independent individual character, a strong desire for self-achievement, and a self-value. Reflected in politics, it manifests itself in the demand for political democracy and for political participation. 2) One of the characteristics of commodity economy is exchange at equal value. Everyone is equal when gauged by the principle that society makes labor necessary. Reflected in politics, this becomes a demand for political equality, political fairness, and the same kind of rights enjoyed by others. 3) Commodity economy means free competition and equal opportunity and survival of the fittest is its essential rule. Reflected in politics, it becomes a demand for abolition of all kinds of privileges and all kinds of dependence on personal relations and that no "priority," whether inherent or adventitious, should be allowed to exist. In short, only socialist democratic politics can be compatible with the socialist commodity economy.

It is not to be denied that democracy in the modern sense of the word was engendered along with the birth of capitalism. However, in essence, modern democracy is propped up mainly by modern commodity economy. Its foundation also lies in the main in the developed commodity economy of the capitalist society. It is precisely because of this that, although it was capitalism that brought about modern democracy, the inner contradictions of the capitalist system itself have made modern democracy a sham. Only when we truly realize this point will we be able to further emancipate our minds and

boldly draw lessons from those modern forms of democracy that have gradually perfected themselves in the hundreds of years of development of capitalism and that suit the needs of the development of a modern commodity economy. Of course, aside from the difference in social systems which is the fundamental distinction, there are also considerable disparities between the situation in China and that in the countries of developed modern commodity economy. Therefore, to draw lessons from these countries does not mean to copy what they do. Nevertheless, it is not only necessary but also feasible to use our brains and draw lessons from foreign countries, provided that this suits the needs of the development of commodity economy in China.

A given economic base inevitably requires a given superstructure to serve it. This is the basic principle of Marxism. It is mainly based on this principle that we call for attaching importance to the building of democratic politics while developing socialist commodity economy at the same time. Needless to say, some sectors (not all of them, of course) of the superstructure established by us in the past were there mainly for the purpose of adapting to the development of product economy at the time. Although they have undergone a change for several times since, little change has been made to their basic frameworks. This situation is obviously incompatible with the socialist commodity economy. The phenomena of no separation between party and government and between government administration, enterprise management, and excessive concentration of power; overstaffed and overlapping government organs that have no distinct division of duties and responsibilities; the lack of necessary democratic procedures; the lack of necessary guarantees for the democratic rights of the people and an imperfect legal system; and so on and so forth, which are problems we have pointed out in recent years, are, in the final analysis, not in keeping with the socialist commodity economy.

The building of socialist democratic politics that is compatible with socialist commodity economy calls for our effort to gradually rid our political consciousness of natural economy. Because small producers under the condition of natural economy are economically weak, politically they often cannot see the power they have and always entrust their destiny to the care of others. Marx said in an analysis that, under the conditions of natural economy, people who are separated from each other cannot represent themselves and have to let others represent them and that the political influence of small farmers is manifested in the form of administrative power that dominates society. Because of the deep-rooted tradition of natural economy and the influence of feudal autocracy, the old ideas and concepts that hinder the building of socialist democracy are still constantly troubling our lives today. In some units and departments, and among some leading cadres, there are still serious cases of suppression of democracy to this date, including the use of authority to substitute for law or suppress law, and the patriarchal behavior and practice

of one person alone having the say. In this country of ours, which has had no tradition of democracy, the common people, the peasants in particular, still have very little knowledge about democratic rights, the democratic system, and democratic procedures. There are also frequent incidents showing that they don't understand the law, don't abide by the law, and don't know how to use the law to protect themselves. The cause behind all this lies partly in the system and partly in concept. As far as concept is concerned, we need to shake free of the historical burden of natural economy that weighs heavily on the people's minds and gradually establish the modern concept of democracy. This is a pressing and arduous task in the emancipation of the mind.

Building socialist democracy is also a basic requirement for developing modern science and technology. First, developing science needs a political climate characterized by democracy, equality, and freedom. Scientific activities are creative activities of scientists, activities to continuously exchange information with the environment in an open system. Only in an atmosphere with a high degree of academic freedom can scientists bring their creativeness and imagination into full play, think independently, and present their objective opinions. Only in a highly democratic atmosphere can scientists speak freely, dismiss unscientific views, refuse to blindly believe in authoritativeness and subject themselves to the will of power, and only follow the truth. Second, extensive application of science increases the imperativeness for scientists to take part in political activities. Application of science has caused an increasingly greater impact on economic development and society, thereby increasing scientists' sense of responsibility toward society. They not only are concerned about science itself, but also are concerned about the application of science and the results of that application. This sense of responsibility leads scientists to take part in political activities. Such participation in political activities is just an important part of political democracy. Third, the nature of science requires that scientists have an independent personality. In addition to their own efforts, a democratic political atmosphere plays an important role in shaping this independent personality. On the other hand, this independent personality is just a good foundation for developing democratic politics, because democratic politics is unlikely to grow if people attach themselves to authoritativeness.

Building socialist democracy should be carried out in conjunction with development of socialist commodity economy and science and technology. The notion to separate democratization from modernization and the belief that modernization can be carried out without democratization are not in line with the actual situation in China. Of course, building socialist democracy, like developing commodity economy, is an accumulative process, and cannot be accomplished overnight. Demanding too much and attempting to achieve instant success may slow down the process, because democratic

politics is not an isolated social phenomenon, but something that is restricted by prevailing economic conditions, social environment, and contemporary thought and culture. Let us take the cultural factor as an example: A high percentage of illiteracy is a serious obstruction to developing democratic politics. Lenin once said that cultural backwardness in Russia downgraded Soviet democracy and revived the bureaucratic system. For this reason, we need to do comprehensive education work, organizational work, and cultural work, and must make great and protracted efforts to develop democratic politics. We should commit ourselves to developing the economy, improving social stability, and popularizing science and culture to create good conditions for developing democratic politics.

The past 10 years since the 3d Plenary Session of the 11th CPC Central Committee is just a twinkling of an eye in the long river of history. Yet, changes that took place in the past decade were rarely seen in Chinese history. These changes were led by the great movement of emancipation of the mind. These past 10 years have already been turned over as a brilliant page in history, and now we face 10 new years, the last 10 years of the 20th century. Comrade Zhao Ziyang pointed out at the 13th CPC National Congress that emancipation of the mind, seeking truth from facts, and looking forward in unity are still our basic watchwords. In the coming decade, we can strengthen the reform, further carry out the policy of opening to the outside world, and usher in the 21st century in a new posture and with a new mentality only if we can further emancipate our minds, broaden the scope of emancipation of the mind, and open up a new frontier of emancipation of the mind.

Supervisory Role Stated for Nonparty Members
OW1101185389 Beijing XINHUA in English
1619 GMT 11 Jan 89

[Text] Beijing, January 11 (XINHUA)—Non-Communist Party members and non-party personages will be invited to be special supervisors of state policies at various levels.

Wei Jianxing, minister of supervision, revealed this here today at a forum attended by members of China's non-communist parties and non-party personages.

It should be a fixed policy to draw more non-communist party members, members of mass organizations and experts in all fields into the work of the supervisory departments, Wei said.

Song Kun, a deputy head of the United Front Work Department of Communist Party Central Committee, said that inviting non-communist party members and non-party persons to get directly involved in the present work of rectifying the economic order and improving the economic environment is a new form of multi-party cooperation.

Wei also said that his ministry will gradually appoint more non-communist party persons and non-party personages to leading posts in supervisory departments at various levels as the need arises.

According to the minister, more than 30 non-communist party members and non-party personages have monitored the nationwide auditing of financial affairs and tax collection, the revamping of capital construction projects and other investigations organized by his ministry.

Law Drafters To Hold Secret Ballot on Amendments
HK1201031989 Hong Kong SOUTH CHINA MORNING POST in English 12 Jan 89 p 2

[By Chris Yeung in Guangzhou]

[Text] Basic Law drafters will hold secret ballots tomorrow to decide on 55 proposed amendments to contentious issues in the revised draft.

Among the most controversial amendments are two packages of proposals supported by the moderates and the conservative Group of 88 on the "mainstream proposal".

A group of local drafters including Mr Cha Chi-min and Dr Raymond Wu Wai-yung will also seek to place restraints on the proposed referendum on the introduction of universal suffrage for the election of the future chief executive.

And chartered accountant Sanford Yung will press for the deletion of the economic guidelines about low taxation and a balanced budget in the Basic Law.

The dozens of amendments, each signed by at least five drafters, emerged at the end of the first round of discussions on the revised 160-article draft yesterday.

Proponents will state their cases at a full meeting this morning before members discuss the proposals in small groups in the afternoon.

Meanwhile, leading liberal Martin Lee Chu-ming said he was disappointed but not surprised at his failure to gain enough support for putting the Group of 190 political proposal before the full meeting.

Only Mr Szeto Wah and businessman Graham Cheng signed in support.

Mr Lee said: "The rules are unreasonable. The Group of 190 will not be able to put its suggestions before the meeting. It's clear that most Hong Kong people prefer the Group of 190 proposal. Some support the so-called moderates and the Group of 88.

"I think the two will not be approved and the mainstream proposal which received little local support will be passed," he said.

However, Mr Lee said he would continue to fight for other amendments.

Of the 31 proposed amendments made by Mr Lee, 16 of a less controversial nature have received enough support and will be voted on by drafters tomorrow.

Apart from the packages championed by the moderates and conservatives, some local drafters have proposed setting down requirements for the referendum, as contained in the mainstream model, on whether the further term of the chief executive beginning in 2012 should be elected by universal suffrage.

They say the referendum should first be endorsed by two-thirds majority of the legislature, the chief executive and the Chinese National People's Congress during the third term of the chief executive.

Then, if it is held, the results of the referendum should only be valid if it is supported by at least a third of all eligible voters.

The proposal comes as the moderates and the conservatives press for a speeding up of the introduction of the referendum during the second term of the chief executive.

Two amendment proposals will be made on the controversial economic policy guidelines.

Mr Yung says the Basic Law should state the Hong Kong Special Administrative Region (HKSAR) will deal on its own with financial matters, including disposal of its financial resources and drawing up its budgets and its final accounts. "The HKSAR shall report its budgets and final accounts to the Central People's Government for the record," he said.

Mr Yung believed the future SAR government would have its hands tied if the policy guidelines became law. He said they could also cause legal disputes.

In order to achieve a balanced budget, he said the future government might have no choice but to increase its public spending if there was an enormous surplus.

Foreign Trade Ministry Implements Function Reform
HK1201080989 Beijing RENMIN RIBAO in Chinese 8 Jan 89 p 2

[Report by Lu Zhenhua (7120 2182 5478): "Ministry of Foreign Economic Relations and Trade Lays Stress on Changes of Functions in Carrying Out Organizational Reform"]

[Text] The plan for organizational reform of the Ministry of Foreign Economic Relations and Trade has recently been approved by the State Council for implementation.

In the course of reform the ministry will lay stress on changing the functions of organs and will strengthen macroscopic control and regulation through comprehensive use of economic, legal, and necessary administrative means. It will also adjust the organizational structure, reduce staff, and raise efficiency.

Implementation of the policy of reform and opening to the outside world during the past 10 years has opened up a new situation in China's economic and technical cooperation with other countries. As a functional department of comprehensive management the Ministry of Foreign Economic Relations and Trade has, in the course of changing its functions, emphasized macroscopic control and regulation, policy formulation and implementation, coordination among various organs, and service guidance. New organs should fulfill the following duties:

—They should: Study and formulate strategic policies and plans, policies for specific countries, and other relevant policies for the development of foreign economic relations and trade and should be responsible for their implementation; collect data and formulate, or take part in formulating, medium-term, long-term, and annual plans for foreign economic relations and trade; be responsible for the supervision, management, and statistics of affairs in foreign economic relations and trade; organize the building of bases for the production of export commodities and give guidance to foreign trade enterprises in their management and operation; and they should also organize, coordinate, and give guidance to foreign trade in various localities and departments.

—Upon being authorized by the State Council they should: Represent the government in organizing intergovernmental economic and trade talks and meetings of mixed committees; sign multilateral and bilateral intergovernmental economic and trade agreements and organize supervision over their implementation; be responsible for organizing, coordinating, and managing talks and the signing of agreements on loans granted by foreign governments, foreign investments, and importing technology and complete sets of equipment; and they should be responsible for examining and approving major agreements and contracts for the use of foreign capital and importing technological items.

—They should give play to their functions as comprehensive management departments and manage aid to foreign countries, work out plans to provide aid for specific foreign countries, and organize the implementation of economic aid projects to foreign countries and technical cooperation with foreign countries. They should manage respective contracted projects in foreign countries, labor service for foreign countries, and cooperative enterprises in foreign countries. They should also manage respective economic and technical cooperation and exchanges with international organizations and the international transportation agency business.

—They should study and formulate plans and supplementary measures for reforming the structure of foreign economic relations and trade and organize the implementation of these plans and measures. They should formulate laws and regulations concerning management of foreign economic relations and trade and organize the enforcement of these laws and regulations.

—They should be responsible for the management of import and export licenses and export quotas and should examine the establishment of respective foreign trade enterprises at home and abroad.

Zheng Tuobin, Minister of Foreign Economic Relations and Trade put forward work requirements for the new organs in their first year of operation. They should: Firmly grasp the key to changing their functions and establish a well-defined personal responsibility system for cadres at various levels; improve and rectify the environment and order of foreign trade and deepen reform of the foreign trade structure; adopt positive policies to bring about a steady growth in export trade next year; continue to improve the environment for foreign businessmen to make investments, actively and carefully use investments by foreign businessmen, and seek more loans on favorable terms from foreign governments in a planned way; actively increase contracted projects and expand the labor service market abroad; and they should continue to improve the provision of assistance to foreign countries and strive to obtain foreign economic and technical assistance.

Wang Zhen Urges Contributions by Art Workers
HK1201031589 Beijing RENMIN RIBAO
in Chinese 9 Jan 89 p 4

[XINHUA report by correspondent Cao Tusheng (2580 0960 3932) and Reporter Zhang Yusheng (1728 1937 3932): "Wang Zhen Meets Artists in Zhuhai"]

[Text] Zhuhai, 7 Jan (XINHUA)—State Vice President Wang Zhen met this evening with famous painters, calligraphers and singers Hua Junwu, Ya Ming, Yin Shoushi, Huang Miaozi, Yu Feng, Dong Chensheng, Wang Yuzhen, and so on. After the meeting he dined with them and held a get-together.

These painters, calligraphers and artists came to Zhuhai to participate in the 1989 Spring Festival gathering. Wang Zhen asked about their age, work and life. Wang Zhen said: "Traditional Chinese paintings have a history of several thousand years, and are a brilliant oriental art. You are our painters, calligraphers and artists, and the cream of our Chinese nation. In the course of promoting reform, opening up and the four modernizations program, you can also make very great contributions!"

Wang Zhen added: "To enhance the quality of our Chinese nation, at present we attach importance to our basic education. You, our famous painters, should carry out more activities to support our educational work."

Wang Meng Discusses Changes in Literature
HK1201033589 Beijing ZHONGGUO XINWEN
SHE in Chinese 1014 GMT 10 Jan 88

[“Wang Meng on Prominent Changes in the Literary Field Over the Past 10 Years”—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 10 Jan (ZHONGGUO XINWEN SHE)—A few days ago, while briefing Romanian literature and art workers on the current literature and art situation in China, Chinese Minister of Culture and famous writer Wang Meng said: Over the past 10 years, various ideas have been aired, and a variety of theories advocated, and a series of marked changes have taken place.

1. Socialist realism is no longer regarded as the only way for literature and art creation, in spite of the fact that it has not yet been negated. Writers can follow other creative methods of the modernist, romanticist, and avant-garde schools and so on.

2. Regarding literature and art works, we no longer emphasize their educational significance alone. We also attach importance to aesthetic standards. But some people have gone too far in this regard, and they believe that literature itself is of no significance.

3. We emphasize the subjective consciousness of writers, so that they can give play to their subjective role and imagination. In addition, at present our works aimed at criticizing or satirizing something form a very large proportion. Many leaders increasingly tolerate them, although they do not like them.

Wang Meng continued: Western writers have more and more influence over the creative activities of Chinese writers. Latin American writer Maerkesikafuka [7456 1422 0344 2448 0595 1133 0595] is the most influential, and has been highly praised in China. Hemingway has become an idol of some young people. Soviet writer Aitematuofu [5337 3676 3854 2094 1133] also has a very great influence over Chinese writers.

While talking about young Chinese writers, Wang Meng said: In recent years a large number of young writers have come to the fore. They are a group of very clever and lovely people. They wear fashionable clothes, and are good at “public relations” work. They also have good writing skills, and write with lucidity. They are cool-headed, and refrain from expressing strong love or hatred. They only reflect the absurdity in life. They neither oppose nor support anybody. Some of them maintain that the “purpose of literature is literature itself.” Certain people among them believe that before their coming to the fore, there was no literature in China, and that Chinese literary history should start from them. Wang Meng stressed: “I doubt whether such a superiority complex can last long.”

Li Guixian Urges Boosting Insurance Industry
OW1101192989 Beijing XINHUA in English
1540 GMT 11 Jan 89

[Text] Beijing, January 11 (XINHUA)—China will make efforts to boost the insurance business, especially in the spheres of life, education, farming and foreign trade, a high-ranking official said here today.

State Councillor Li Guixian said that this is part of the Chinese Government's efforts to fight inflation under the nationwide austerity program.

“There is great untapped potential in the life insurance sector, which only covers six percent of the total population of more than one billion,” he noted at a meeting on insurance, which closed here today.

He continued that the insurance coverage of import and export goods only makes up 66 percent, while insurance in the countryside remains weak.

Domestic insurance was resumed in 1980 after a 20-year suspension. The past nine years have seen a rapid growth in the business, with services increased to more than 200 kinds at home and over 80 kinds outside the country.

Up to now, insurance services cover assets worth 1,958 billion yuan in the country, while the total income from premiums grew at an annual rate of 50 percent between 1980 and 1988.

The industry has paid out 12.4 billion yuan in claims in the past nine years.

However, the state councillor criticized the industry for some problems such as forcing some units to accept the service, and diverting insurance funds to capital construction.

Song Jian Discusses Science, Technology Law
OW1201050089 Beijing GUANGMING RIBAO
in Chinese 4 Jan 89 p 2

[Article by Song Jian (1345 0256): “Opinions on Scientific and Technological Law”]

[Text] Man and social groups must be protected by law to guarantee steady and orderly progress in society, and so must science and technology. We should not forget the grim fact of modern scientific history that many scientists were often exiled or jailed because of lack of legal protection. Feeling aggrieved, upset, and sorry, they died in agony at a young age. That was why Marx compared a gate to science to an entry to Hell. Nevertheless, no one is allowed to shake off the glorious shackles of law under a democratic system. Only by being bound and protected by law can people enjoy adequate freedom. If people try to free themselves from these shackles in scientific and technological activities, they will deviate even farther from the lofty goal of benefiting mankind.

Scientific and technological activities such as research, application, development, and production are the most important activities of modern man. Only they can guide people to correctly understand the world and adapt themselves to the objective laws of nature and social movements. They may enable people to adapt themselves to, yield to, or transform the objective laws of nature and social movements, and even control them and make them develop in the direction desired by the public. That is why we have regarded science, technology, and education as the most important in our economic development strategy.

Regrettably, in most of mankind's past historical eras, few people understood that scientific and technological activities are the driving force behind the development of social productive forces and human civilization. Even today, tragedies resulting from profanity against science are frequently heard. The latest scientific discoveries and new theoretical principles often conflict with a society's traditional conceptions. Historically, lack of legal protection has led to the most regrettable tragedies, in which many great scientists were either isolated or sentenced. For example, Bruno, whose "Theory of the Movement of the Earth" contradicted traditional religious conceptions, was sentenced by a religious tribunal and burned to death in Rome. Galileo, an Italian scientist, who publicized the heliocentric theory, was sentenced to life in jail for "profanity against God." He later died in jail. Vesalius, father of modern human anatomy, was sentenced to death by a religious tribunal, because his anatomical test proved that men have the same number of bones as women was contradictory to biblical doctrines. All of these took place 300 years ago. However, similar tragedies continue in the 20th century. During the 1940s, leaders of some countries instructed their scientific departments to "stand by the Marxist position" and "defeat," in theory, the modern biological theory on chromosomes. During the 1950s, a group of social scientists, of whom Ma Yinchu was a representative figure, were criticized nationwide, for they, persisting in scientific principles, dissipated modern demographical theories. As a result, this scientist, who was praised by Zhou Enlai and Dong Biwu as a scientist "possessing an indomitable character and daring to speak out and show anger," was in extreme agony and grief for a long time. In recent years, lack of legal protection has resulted in the imprisonment of quite a few scientific and technological workers in the historical torrent of reform and opening to the outside world. The frequent occurrence of such tragedies is inevitable in a country with an unsound legal system.

All social activities having to do with science and technology are not necessarily favorable for social progress. Social activities, such as research, tests, development, and production which are, scientifically speaking, valuable, may cause serious threats to mankind's existence and social benefits if we fail to show caution. For example, radioactive leakage from nuclear facilities will place the earth's ecological system in great danger. The

new strains of life created by modern biology may cause catastrophic results for existing living beings. It has also frequently happened in modern history that people, violating ethics and morality, have fabricated fallacies in the name of science to help a tyrant do evil, thus endangering and harming human society as a whole. Their behavior has, of course, been publicly condemned.

Since the beginning of this century, scientific and technological take-offs have greatly contributed to progress in social civilization. Meanwhile, they have also brought about new problems never seen before in human history. The latest scientific and technological achievements have made classical and traditional laws and legal principles powerless in some areas. Human scientific and technological activities have extended deeply to great oceans and high seas, and have extended, on a large scale, to Antarctica—the earth's last continent, whose ownership has never been confirmed. Human space activities have extended to the Moon, Mars, Venus, and even the entire solar system. New law is required for the protection of test-tube babies, whose birth is a result of the use of an anonymous person's sperm taken from human sperm banks. The comprehensive use of computers in the management of public affairs also calls for the urgent formulation of rules and regulations governing punishment for "computer-related crimes."

All these are legal questions, resulting from the development of science and technology. They have as yet to be studied and resolved by the legal circle and the science and technology community. With the latest achievements in science and technology, new laws and regulations must be enacted to safeguard and promote the development of the cause of science and to provide a favorable social environment for scientists to engage in research and development on the scientific front. At the same time, it is necessary to formulate a social standard for science and technology, to guard against any act harmful to our national or public interests. We should ensure that scientific and technological activities do not run counter to the interests of mankind and the specific interests of our nation.

Over the 200 years since Montesquieu's "The Spirit of Laws" was published, the system of the natural law principle has pushed the advance of human civilization and become our valuable legacy. However, it is feeble and powerless today, when science and technology have developed so vigorously that they have become the first source of the production mode and lifestyle of mankind. The development of the science law requires the assistance of other modern science disciplines, while the development of various science disciplines requires the protection and restriction of law. Since the 3d Plenary Session of the 11th CPC Central Committee, China has embarked on the road of rule by law. This is a great change in the history of the Chinese nation. China has formulated and promulgated a series of basic laws, including the Constitution, the Civil Law, and the Criminal Law. With the joint efforts of the legal circle and the

science and technology community, a number of laws and regulations governing the work of science and technology have also been enacted and put into effect; for example, the Patent Law, the Technological Contract Law, the Regulations on Encouragement of Scientific and Technological Achievements, and the Regulations on Academic Degrees. A good start has thus been made for the legislation of work of science and technology. The study of laws relative to the work of science and technology has achieved initial results, and the founding of the China Society for Laws on Science and Technology Work has marked another gratifying step in this regard. Despite all this, there is still a great deal of work to do before China becomes a society truly ruled by law. The formulation and implementation of every law is a complicated social project, and this is especially so in the case of the law on the work of science and technology. I sincerely hope that comrades on the science and technology front and those in legal circles will work hand in hand to further the study of laws on the work of science and technology and promote the rule of law in our country so as to prompt the establishment of a legal system governing the work of science and technology. This will provide effective legal support and protection for the promotion of science and technology and for the formation and development of our high- and new-technology industries.

350-Meter Simulated Saturated Dive Begins
HK1201024789 Beijing RENMIN RIBAO in Chinese
8 Jan 89 p 3

[XINHUA report: "Four Naval Divers Set 350-Meter Diving Record"]

[Text] Shanghai, 6 Jan (XINHUA)—At 1700 today, four of China's naval divers succeeded in diving to a depth of 350 meters, breathing an artificial atmosphere of helium and oxygen. This is the greatest depth for China's simulated saturated diving test so far, indicating a new breakthrough in China's capacity to save life in deep seas.

Various tracking medical examinations, including physiological, cardiovascular, and cerebrovascular examinations, show the divers are in good shape, and living as usual.

The divers will continue living at a depth of 350 meters for 7 days and nights and move around to complete a series of planned operations.

New Training Methods Improve Combat Ability
HK1201073189 Beijing XINHUA Hong Kong
Service in Chinese 1205 GMT 11 Jan 89

[Report by Xu Jingyao (1776 0079 5069): "The Chinese Army Has Improved Its Defense and Combat Effectiveness"—XINHUA headline]

[Text] Beijing, 11 Jan—Through reforming their military training according to their characteristics, Chinese PLA units have improved their defense and combat effectiveness in an integral operation.

The ground force is carrying out reform in four training courses, including individual training, unit training, combined tactical training, and operational training. Marked improvements have been witnessed in the formation and blue water training of the navy; in the integral, coordinated training of the air force; in the combined, coordinated training of the second artillery corps; and in providing comprehensive logistics supplies. Focusing on combined operational and tactical training, these army units have formed a combination between skills and tactics, between individual and integral training, and between different arms and combined units, thereby initially establishing a system with emphasis on integral operations while giving prominence to combined operations.

Aiming to accelerate the development of its combat effectiveness and improve its training, the Chinese army is trial-implementing the system of "first training, then assignment." New recruits in the ground force, the navy, the air force, and the second artillery corps must undergo strict and systematic training before being assigned to combat units.

The navy has set up a naval vessel training center to conduct classified promotive training. The air force has formed a regiment composed of new pilots and is also reequipping its training base to train new and old pilots in groups. The second artillery corps has set up a training battalion in its missile brigade to conduct concentrated training for new operators. Some technical troops in the ground force have also formed their training organs.

Army Urged To Raise Income, Cut Spending
HK1201103589 Beijing RENMIN RIBAO
in Chinese 8 Jan 89 p 4

[XINHUA report by Guo Diancheng (6753 3013 2052): "Zhao Nanqi, Director of the PLA General Logistics Department, Urges the Whole Army To Continue To Broaden Sources of Income and Reduce Expenditures"]

[Text] Beijing, 7 Jan (XINHUA)—Head of the PLA General Logistics Department Zhao Nanqi has called on the whole Army to wage an arduous struggle with one heart and one mind and to continue to live a plain life, taking the whole situation of national economic construction into account and sharing the state's hardships.

Zhao Nanqi made the above speech at the working conference of the PLA Logistics Department, which opened today.

Zhao Nanqi said: The state has made considerable allowance for military expenditure for 1989 despite financial difficulties. But the Army will remain short of money in 1989 due to price increases, new expenditures being on the increase, and numerous problems related to the building of the Army which are left over from history.

Zhao Nanqi said: The smaller our military budget, the more necessary it is for us to spend the money on the most vital items, such as necessities of life and necessary means of preparation against war, so as to serve the overall purpose of improving the Army's fighting capacity. To achieve this, it is necessary to squeeze other expenditures that are not so necessary, office expenditures in particular. We should cut: first, the scale of capital construction; second, institutional purchasing power; and third, expenditure on free medical services. All these cuts involve budgetary and extrabudgetary funds, and we should pay special attention to plugging loopholes in extrabudgetary funds.

Zhao Nanqi emphasized: When military funds are insufficient, an important measure to alleviate the contradiction between supply and demand is to increase production, improve management, and introduce the system of "standard provisions plus subsidies." Leaders of the CPC Central Committee Military Commission have made the point on many occasions that for the Army to engage in production and operating activities conforms to actual national and military conditions, and is beneficial to the country, the people, and the Army. It is a long-term policy and task, and is significant to supporting the national economic construction, lightening the burden on the people, and subsidizing the Army. The whole Army will devote a lot of effort to tapping the internal potential of its production and operating activities, improving economic returns, and increasing the output of nonstaple foodstuffs this year. It will also do a better job in running factories that have been turned into enterprises, Army-run factories and mines, and tertiary industries, which is the primary way to increase income and make up for the deficiency in funds. The Army will also make vigorous efforts to develop agricultural and sideline production, which is an important measure to prevent the Army's material life from declining.

Zhao Nanqi said: Some units have slackened their efforts to develop agricultural and sideline production. This tendency must be resolutely corrected. The Army-run farms should stress the production of grain, vegetables, and fodder so that they can provide more subsidized grain, forage crops, and nonstaple food to the Army. We should readjust the product mix, engage in diverse economic undertakings, and improve economic returns for the purpose of financing agricultural production with sideline production. At the same time, all companies should pay attention to such spare-time production as raising pigs and growing vegetables.

Zhao Nanqi concluded: Though military funds are in short supply, we will manage by increasing income and reducing expenditures, both of which have potential for being tapped. He called for the broad ranks of officers and men to do a better job in fulfilling the task of "double increase, double reduction," strengthening management, and improving economic returns by bringing

their subjective initiative into full play and enthusiastically continuing to forge ahead so that they can make greater contributions to the building of the Army.

Economic Growth Figures for 1988 Published
HK1201005189 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1211 GMT 10 Jan 89

[Report: "China's Economy Grows by Wide Margin but Agricultural Situation Still Grim"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 10 Jan [ZHONGGUO TONGXUN SHE]—China's GNP for 1988 still attained two-digit growth. Energy and raw and processed materials grew at a slow rate, production of consumer goods grew rapidly, and the output of grain, cotton and oil fell. The expectation for this year's economic situation and prospects is not optimistic.

According to the latest statistics collected by this reporter through various channels, last year China's GNP amounted to 1,300 billion yuan, an 11 percent growth in production. The output of steel was 59,200,000 tons, coal and carbon 960,600,000 tons, crude oil 137,030,000 tons, natural gas 13,900 million cubic meters, and energy generated 540 billion kwh. China's energy and raw and processed industries have finished their yearly plans to lay a better foundation for the continuous industrial development in this year. But the growth rates for both industries were 3 percent to 5 percent, much lower than the two-digit industrial growth rate. Therefore, the shortage for energy and raw and processed materials will continue this year.

At the same time, China's consumer industry continued to grow at a faster speed last year. The production of color televisions increased by 50 percent compared with the year before last, with a total production of 9 million sets, and that of all types of television sets was 20 million. Last year, refrigerator output was at 7 million sets; cigarette output was 30 million cartons, 20 percent more than 1987. Beer amounted to 6,500,000 tons, which had increased by 20 percent, thus making China the fifth leading beer producing country in the world. Also, the output of soft drinks amounted to 3 million tons, representing an output growth of 20 percent. The output of chemical fibers was 1,420,000 tons, cotton yarn output was at 24 million spindles and clothing at 2.5 billion pieces. The output growth rate of China's consumer goods was a two-digit figure last year. The continuous increase in output of consumer goods will be beneficial to stabilizing the market and the currency, and controlling price rises.

Last year, China's agriculture grew at a slow rate of 3.5 percent. The output of grain, cotton and oil fell. The expected grain output was 390 million tons. The output of aquatic products amounted to 10 million tons; pork,

beef and mutton amounted to 20,850,000 tons; and the output of poultry and eggs was 6,400,000 tons. All of them have increased in production.

According to the preliminary business statistics of the Ministry of Foreign Economic Relations and Trade, the volume of export trade exceeded \$40 billion while the volume of import was \$38 billion, making a trade surplus of over \$2 billion.

Last year, the population growth rate of China was 0.021, with a net growth of 15 million people, which exceeded the government planned growth rate of 0.019. The population growth offset 20 percent of the new increase in national income. This year China's population control will still face a grim situation.

Statistics for 1988 Retail Trade Published
OW1201015689 Beijing XINHUA Domestic Service
in Chinese 1244 GMT 8 Jan 89

["Local Broadcast News Service"]

[Text] Beijing, 8 Jan (XINHUA)—According to information provided by the State Statistical Bureau, China's market has been growing too rapidly. The total volume of retail sales in China for 1988 exceeded 740 billion yuan, and is expected to increase by 27.8 percent over 1987. This has been the largest increase since the founding of the People's Republic.

The sales of various consumer goods have increased extraordinarily, and has been the prominent feature in retail market last year. The sales of apparel and daily necessities have been brisk. The total volume of retail sales for daily necessities and apparel is estimated to have increased respectively by 31.3 and 21.4 percent over 1987. The supply of foodstuffs is essentially stable. Except for pork and sugar, the volume of retail sales for other foodstuffs has increased in varying degrees.

According to briefings, the total volume of retail sales in China last year recorded a parabolic increase, with the degree of monthly increases varying by as much as 19.3 percent, and the market fluctuating wildly.

State Council Circular Restricts Auto Production
HK1201045389 Beijing RENMIN RIBAO in Chinese
9 Jan 89 p 2

[Dispatch by reporter Lin Gang (2651 6921): "State Council Circular Bans Unauthorized Sedan Production Line"]

[Text] China's State Council has recently issued a circular, reiterating its prohibition of unauthorized sedan production lines in the whole country. According to the State Council's circular, all the projects of sedan production, which have received investment and are presently under construction without the approval of the State Council, must be liquidated and suspended as the

projects are not listed in the state plan. The results of the examination and liquidation of the aforesaid projects must be submitted to the State Planning Commission by the units concerned in the form of a special report before the end of this month.

Over the past few years, regardless of the repeated warnings of the State Council, some localities and departments have continued to blindly investment in the projects of sedan production by all means. The new "sedan craze" has seriously impaired state macroeconomic control. Given this situation, the State Council has recently issued a circular, stipulating in no uncertain terms: The various regions, departments, and enterprises are banned from building sedan production bases by themselves without the authorization of the State Council; the various regions, departments, and enterprises are also banned from carrying out technological transformation and capital construction relating to sedan production without the authorization of the State Council; the various regions, departments, and enterprises are banned from holding talks with foreign businessmen and foreign entrepreneurs on the import of sedan design and manufacturing technology and sedan production and assembly lines from foreign countries without the authorization of the State Council; the various regions, departments, and enterprises are banned from importing the key sedan technology and principal sedan components and parts for the purpose of assembling sedans on the pretext of carrying out sedan repair and maintenance without the authorization of the State Council; and the various regions, departments, and enterprises are banned from establishing Sino-foreign joint venture enterprises or Sino-foreign cooperative enterprises specialized in sedan production.

Our reporters learned from the China Automobile Industry Federation that the sedan production and transformation bases recognized by the State Council are known within the automobile industry as "the three bigs and three smalls." The "three bigs" refer to the No 1 Automobile Manufacturing Plant, the No 2 Automobile Manufacturing Plant, and the Shanghai Automobile Manufacturing Plant, which were the approved three big sedan production bases recognized by the State Council at the Beidaihe Conference held in September 1987. The "three small" refer to the "Cherokee" Jeep produced in Beijing (by a Sino-U.S. joint venture enterprise, the "Peugeot" Sedan produced in Guangzhou (by a Sino-French joint venture enterprise), and the small "Xia Li" [1115 0448] Sedan produced in Tianjin (with technology imported from Japan).

The construction of the three big sedan production bases approved by the state will be carried out according to the principle of high starting point, large quantities, and professional production. The feasibility study report and the proposal on the construction of the No 1 Automobile Manufacturing Plant have already been officially approved by the state. Now the No 1 first factory of the No 1 Automobile Manufacturing Plant, which has an

annual production capacity of 30,000 sedans, is under rapid construction and is expected to turn out a small number of sedans this year. The No 2 Automobile Manufacturing Plant will be built in Dun Kou of Hangyang County and is now in the process of selecting cooperation partners. Now some 30 percent of the components and parts of the Santana Sedan produced in Shanghai are made in China and have been recognized by the state. Last year, Shanghai produced more than 15,000 Sandana Sedans.

Commentary on 'Worrisome High Growth' Rate

HK1201085989 Beijing ZHONGGUO XINWEN
SHE in Chinese 0731 GMT 11 Jan 89

[Commentary by Zhou Xiao (0719 2556): "Worrisome High Growth"—ZHONGGUO XINWEN SHE headline]

[Text] In 1988, China's total industrial output value increased by 17.7 percent over the previous year, and this growth rate was much higher than the 7 percent planned target. In the overheated economic conditions, the high growth rate of industrial production, on the one hand, increased effective supply, thus playing a positive role in stabilizing the market; on the other hand, it also led to the worsening of the internal structure of industry and added fuel to the national economy's overheated condition.

China's industrial production did not begin to grow rapidly in 1988. High growth rates have existed for several consecutive years. The high growth rate is extremely unsuited to China's present economic conditions and has brought about a series of problems: The supply of funds and credit has become strained; the burden of foreign debt has become too heavy; and industrial production has gone far beyond the transport capacity of our country. Because of the excessive swelling and unreasonable structure of investment and consumption, the internal structure of industry has become more unreasonable.

The unreasonable structure of industrial production has been prominently reflected in the processing industry. The production of consumer goods with industrial and mineral products as raw materials has grown too fast, but basic industries, especially the energy industry and the raw materials industry, have seriously lagged behind. In 1988, the processing industry grew at the high rate of 23 percent, but the energy and raw materials industries grew by only 10.8 percent. This unreasonable situation has affected not only the sustained development of industry, but also the coordinated development of the entire national economy.

In addition, in light industry, production of the trades with agricultural products as raw materials have grown slowly because it has been constrained by the slow development of agriculture; and the production of ordinary consumer goods in the metal-processing industry

has also grown insufficiently, because it has been constrained by the limited supply of raw materials and their product prices. As a result, the production structure of industrial consumer goods is imbalanced, and this has affected people's consumption.

Industry under collective ownership, especially rural industry, has grown too fast. This, on the one hand, has led to the rapid expansion of production scale, and, on the other hand, has lowered the output-input ratio in industry as a whole. The limited resources cannot be used reasonably, and this has affected effective supply.

The above-mentioned problems have been caused by the high-speed growth over several years; so these longstanding problems will not be solved in a short time. It is expected that these problems will continue to produce an unfavorable influence on the steady and effective growth of China's industrial production for a certain period to come.

In order to maintain an appropriate growth rate of industrial production, China should first seriously improve the macroeconomic environment and restrain the swelling of demand, whose structure is also unreasonable, and then adjust the production structure and the investment structure while lowering the industrial growth rate. In addition, it is necessary to formulate, as soon as possible, an industrial production policy that is valid for a long time and to implement it resolutely.

Decrease in Farmland Held 'In Check'

HK1201004789 Beijing ZHONGGUO XINWEN
SHE in Chinese 0723 GMT 10 Jan 89

[Report by Wang Jinchang (3769 6651 2490): "China Has Held Decrease in Farmland in Check"]

[Text] Beijing 10 Jan (ZHONGGUO XINWEN SHE)—The State Land Administration Bureau is quoted as saying the tendency of farmland decreasing has been brought under effective control.

According to statistics, China's farmland decreased by 15 million mu in 1985, 9.6 million in 1986, 7.2 million in 1987, and an estimated 5 million last year.

The State Land Administration Bureau decreased the land for 70 key construction projects by more than 90,000 mu, of which 30,000 mu were farmland, by examining the said projects under contract, saving the state 100 million yuan in capital construction investment.

In order to effectively hold the sharp decrease in farmland in check, China has preliminarily set up urban and rural land administration systems across the country. At present, land administration institutions have been set up in 30 provinces, autonomous regions, and municipalities, more than 90 percent of the prefectures (cities), and over 80 percent of the counties. Seventy percent of the

villages (townships) have been manned with part-time and full-time land administrators. The anarchy with respect to land administration has preliminarily changed for the better.

In the meantime, work with investigation and registration of land as the key task is being conducted in an all-around way. A full investigation of land has been conducted in more than one thousand counties, playing a great role in gaining a clear idea of the amount of China's land, which remained unknown for a long time, and putting an end to the disorder of the control over land registries. Last year the illegal cases of arbitrarily occupying land dropped by a big margin, and the arbitrary occupation of land and abuses of power by officials in granting land were basically held in check.

Officials of the State Land Administration Bureau admitted that there are still a number of problems not to be ignored where land administration is concerned. Disregard for laws and indiscriminate occupation of land are often found in some places. In addition, the newly established land administration institutions are plagued with such difficulties as poor cadre quality, understaffing, stoppage of channels through which funds and materials are provided, and lack of experience and equipment, indicating much has yet to be done with respect to China's land administration.

Reforms Boost Crude Oil, Gas Production
OW1101132289 Beijing XINHUA in English
1305 GMT 10 Jan 89

[Text] Beijing, January 10 (XINHUA)—The total output of crude oil and gas in the past 10 years of reforms has been 1.6 times as much as in the first 30 years of the People's Republic of China, founded in 1949.

This was announced at a current meeting on the national petroleum industry by Wang Tao, general manager of the China National Oil and Gas Corporation.

According to informed sources, in 1988 China produced some 1 billion bbl of crude oil, 21.9 million bbl more than in 1987, and 13.8 billion cubic meters of gas, 320 million cubic meters more than in 1987—surpassing the state targets for both.

Wang said that despite disastrous floods, the Daqing oilfield, the largest in China, turned out more than 406.6 million bbl of crude oil last year, 2.19 million bbl above the planned quota.

The Liaohe oilfield, the country's third largest, exceeded its production quota by more than 1.3 million bbl last year, an increase of 9.7 million bbl compared with 1987, and maintaining an annual growth rate of more than 7.3 million bbl.

Oil and gas fields in a dozen areas all completed or topped their 1988 production plans, Wang added.

China also sank new wells with a total capacity of 114.31 million bbl of crude oil and 500 million cubic meters of gas last year.

2-Year Project To Tap Northwest Oil Planned
HK1201024689 Beijing CHINA DAILY in English
12 Jan 89 p 1

[By staff reporter Xu Yuanchao]

[Text] Up to 1.5 billion yuan is to be spent over the next two years to tap the massive oil reserves in the Tarim Basin, northwest China. This will be aimed to give a new impetus in the industry looking towards the 1990s.

The details were given by Wang Tao, general manager of the China National Oil and Gas Corporation, at a national meeting on the industry which opened in Beijing on Tuesday [10 January].

Wang said about 20,000 kilometres of seismic lines will be laid down and more than 50 exploratory wells sunk in the basin.

Located in the Xinjiang Uygur Autonomous Region, the Tarim Basin, covering 560,000 square kilometres and including the 337,500-square-kilometre Taklimakan Desert, is one of a few untapped sedimentary basins in the world.

According to the corporation's conservative estimates, the basin contains 10.1 billion tons of oil reserves, about a sixth of the country's total. The estimated natural gas reserves are 830 million cubic metres, a quarter of the total gas reserves.

Top technical teams from other oilfields will be sent in for the exploration and development.

Wang said his corporation will assemble 13 seismic crews in addition to the seven currently working in the basin, and nine drilling teams in addition to the eight now operating there as well as other geological and construction teams.

The Tarim oil exploration and development headquarters have already been set up.

More than 100 test wells have been drilled in Tarim. As recently as last november, an oil well drilled in the northern part of the basin was tested to produce 734 cubic metres of crude oil a day and 110,000 cubic metres of gas.

Over the past few years, geologists have found areas of about 100,000 square kilometres with rich oil and gas accumulations and 10,000 square kilometres of oil bearing structures.

Wang said China discovered 540 million tons of proven oil deposits last year and 52 billion cubic metres of natural gas in proven reserves, the highest record in history.

The oil deposits in those areas are expected to reach 2.6 billion tons, of which 530 million tons have been proven and another 500 million tons are likely to be certified over the next years.

In addition, the manager said, 12 oil-bearing areas around major oilfields of Daqing, Shengli, Liaohe, Xinjiang, Dagang, Zhongyuan and north China have been verified to contain 1.2 billion tons of oil.

National Gold Production Increases
OW1101191689 Beijing XINHUA in English
1547 GMT 11 Jan 89

[Text] Beijing, January 11 (XINHUA)—China's gold production in 1988 fulfilled the state annual quota, with output higher than in the previous year, according to Xu Daquan, director of the State Gold Administration Bureau.

Xu said at today's opening session of a national gold conference that gold is produced in all the country's provinces, municipalities and autonomous regions, except the Shanghai City area.

China has become one of the world's major gold producers, after South Africa, the Soviet Union, the United States, Canada, Australia and Brazil, the director said.

Last year's added gold production capacity doubled the 1987 increase figure, and profits and taxes from this sector grew 12 percent in 1988 compared to the year before.

The director did not give an actual figure for the gold output last year.

However, Xu said, last year saw the loss of more than 70,000 ounces because of shortage of electric power.

China has decided to take measures to boost gold production, including raising the annual state investment by 10 percent.

Meanwhile, the country will also increase the gold purchasing price and gold prospecting funds this year, Xu said.

He told XINHUA that China will have difficulty in fulfilling this year's production quota, which is 9.3 percent higher than last year's.

China has discovered more than 400 gold deposits during the past three years, and constructed over 100 gold mines and placer operations. Jiaodong in Shandong Province is now the biggest gold producer in China.

Building Materials Sector To Emphasize Export
HK1201023089 Beijing CHINA DAILY
in English 12 Jan 89 p 2

[By staff reporter Zhang Yu'an]

[Text] China's building materials industry will have new emphasis this year on establishing large export bases with the help of foreign investment, according to Wang Yima, vice-director of the State Bureau of Building Materials Industry.

The bureau will pursue this direction in order to take advantage of expanding demand on the international market, Wang said yesterday in Beijing.

The economic rejuvenation in Southeast Asia, the tendency of enterprises in developed countries to transfer or shut down building material businesses due to high labour costs and pollution controls, the post-war construction needs of Iran and Iraq as well as the general trend towards more peaceful conditions throughout the world are all contributing to an increasing demand for building materials, Wang said.

China's building material and non-metallic industries fully intend to seize these opportunities, he said, and to develop more export-oriented businesses.

Already, there are about 50 Sino-foreign joint ventures in this field along China's coastal areas, with an investment of \$350 million.

Dalian has signed a \$150 million contract with a Japanese company to set up a joint venture cement factory, which is expected to produce 1.35 million tons of high quality cement and earn about \$30 million a year. About 71 percent of the product will be sold to Japan.

In the form of compensation trade, a huge cement transfer storehouse has been set up in Liuzhou, Guangxi Zhuang Autonomous Region, which can handle 300,000-ton cement a year—mostly bound for Hong Kong.

Now, the bureau has begun soliciting foreign investment for several major export bases, including glass export bases in Dalian and Qinhuangdao; cement export bases in Jidong, Hebei Province and Nanjing, Jiangsu Province; a graphite base in Shandong Province and a talc base in Haicheng, Liaoning Province.

There are another 30 projects ready for foreign co-operation which need expansion, such as a glass factory in Xiamen, Fujian Province; reconstruction, or the introduction of advanced technology and equipment.

The bureau is especially interested in having foreign companies set up solely foreign invested ventures, Wang said, and suggests the coastal areas as the most favourable sites for their convenient transport and special investment policies.

Last year, the industry's production value reached 50 billion yuan and it earned \$700 million, up 62 percent over 1987, Wang said.

It produced 203.37 million tons of cement, up 12.18 percent; 71.65 million 50-kilogram boxes of glass, up 27.91 percent; and 8.25 million pieces of sanitary porcelain, up 11 percent.

In 1988, about 320 large and medium-sized State-owned enterprises exported 104 kinds of building materials, of which about 80 percent were non-metallic minerals, such as graphite, talc, zeolite and barite.

Weather Improves Outlook for Winter Wheat Harvest
HK1201022889 Beijing CHINA DAILY
in English 12 Jan 89 p 1

[By staff reporter Liu Dizhong]

[Text] The fine growth of winter wheat, brought on by the recent snow and rain, has given fresh hope for a bumper harvest to come. Natural disasters last year brought a loss of 9.19 million tons of grain.

A Ministry of Agriculture official said that they had now ruled out the possibility of seeing a large increase in wheat imports this year.

China's grain imports and exports this year will be conducted basically as usual as in regular years under the principle of obtaining a better mix of supplies to meet domestic market needs, said Wang Ganhang, director of the Agriculture Bureau under the ministry. "The nation's trade in cereal has been in balance, by and large, over the last three decades," he added.

"What's more, the nation has a very good stock of grain and the decrease in output last year was not as bad as had been estimated."

Wang stressed that the nation's grain supply must be based on independence and self-reliance rather than on imports to feed its over 1 billion people.

The State has set its grain target at 410 million tons this year, 15 million tons more or 3.5 percent increase over last year.

To encourage farmers to go in for grain production, he said, the State would raise its purchasing price as from April 1. For instance, six yuan more will be paid for 50 kilogrammes of rice and 1.5 yuan for wheat and corn.

As the State actually buys only about one-eighth of the total grain output of independent growers, the decisive factor in achieving greater production is the high prices paid on the free market. For example, rice and wheat are sold at about two yuan and 1.5 yuan per kilogramme respectively, three-four times higher than the State purchasing prices.

"The grain prices on the free market are still rising," the director said.

He added that strict measures would be taken to expand sown areas for grain to 112 million hectares this year, 1.33 million hectares more than last year. This alone will result in about 5 million more tons of grain this year.

The ministry also called for a large expansion of intercropping and interplanting grain and effective use of the "winter idle land" in the south which amounts to more than 13 million hectares or about one-tenth of the total of the nation's sown areas of all crops.

The State has decided to earmark more than 1 billion yuan this year to help transform the saline-alkali land and improve irrigation network in the major grain-producing areas such as Hebei, Shandong, Henan, Jiangsu, Anhui, Heilongjiang, Liaoning, Sichuan and some provinces in the south.

In about 300 poor countries scattered over 13 provinces throughout the country, the State is to allocate more than 30,000 tons of plastic film and 100,000 tons of chemical fertilizers. It is estimated that the project, called the "white revolution" by the local farmers, will produce 700,000 more tons of grain this year.

East Region

Jiang Chunyun at Meeting on Official Conduct *SK1101041089 Jinan Shandong Provincial Service* *in Mandarin 2300 GMT 10 Jan 89*

[Excerpts] The provincial on-the-spot meeting to uphold the party's purpose and remain clean and honest in performing official duties was held in Changle on 9 and 10 January. Through visits, hearing introduction of experiences, and holding discussions, participants to the meeting summarized and popularized the experiences of Tancheng and Changle counties in remaining clean and honest in performing official duties, in solving the conspicuous problems in party and government styles, and in accelerating the process of improving the economic environment, rectifying the economic order, and deepening reform.

Jiang Chunyun, secretary of the provincial party committee and provincial governor, attended the meeting and delivered an important speech. [passage omitted]

Comrade Jiang Chunyun pointed out in his speech: Market prices, agricultural production, and party and government styles are issues which people in and outside the party are currently most concerned about and have the greatest complaints about. They also represent the conspicuous problems that we should solve emphatically in the process of improvement, rectification, and deepening of reform. In the new year, top party and government leaders of the province as well as prefectures and cities should concentrate efforts on resolving these three issues in the course of implementing the principle of improvement, rectification, and reform; carry out other work by focusing on these three issues; and gear other work to their needs. How the issues of market prices and agricultural production are resolved is decided to a great extent by party and government styles. Therefore, we should have a firm determination and adopt effective measures to remain clean and honest in performing official duties.

Speaking on ways to eliminate extravagance and corruption and remain clean and honest in performing official duties, Comrade Jiang Chunyun stressed the need to take comprehensive measures. First, we should both uphold the party's purpose and establish necessary systems. At present, we should particularly emphasize conducting the education on serving the people wholeheartedly among party members and cadres to make them clearly understand for whom they hold power, work, and serve. Meanwhile, we should establish well the systems by which administrative work can be made public, inspected, and supervised; people make reports on corruption; and cadres are evaluated and investigated, and punished when necessary. Second, leading persons should set good examples and be subject to the supervision of the masses. Third, people should conduct self-restraint, and should be strictly investigated and punished when necessary. Fourth, we should issue general

calls and also summarize and popularize typical examples. Fifth, we should immediately attach importance to honesty in performing official duties and carry out the endeavor of improvement, rectification, and reform.

Comrade Jiang Chunyun emphasized: Provincial, city, prefectural, and county organs and party and government leading cadres should take the lead and set good examples for lower levels to follow in remaining clean and honest in performing official duties. The provincial party committee and government have formulated regulations for provincial-level party and government cadres to remain clean and honest in performing official duties. The regulations will be issued for enforcement after being finalized, and will be made public so that departments at various levels and the masses can exercise supervision.

Nearly 200 people attended the meeting. They included Ma Zhongchen and Zhao Zhihao, deputy secretaries of the provincial party committee and provincial vice governors; Miao Fenglin, Gao Changli, and He Guoqiang, standing committee members of the provincial party committee; and major party and government leading comrades of various cities, prefectures, and counties.

Jiang Chunyun Meets New Trade Union Leaders *SK1101103189 Jinan Shandong Provincial Service* *in Mandarin 2300 GMT 10 Jan 89*

[Excerpts] The ninth Shandong provincial trade union congress concluded at the auditorium of Jinan's Dongjiao Hotel on the morning of 10 January. Ma Zhongchen, deputy secretary of the provincial party committee and provincial vice governor; Liu Zhongqian, vice chairman of the provincial Advisory Commission; and others attended. (Zhang Renqi), vice chairman of the provincial trade union council, presided over the congress. A namelist of the chairman, vice chairman, and standing committee members of the ninth committee of the provincial trade union council and a namelist of the chairman and vice chairmen of the ninth budget examination committee of the provincial trade union council were announced at the congress. Resolutions on the work report of the eighth committee, the financial work report of the eighth committee, and the work report of the eighth budget examination committee were approved.

Ma Zhongchen, on behalf of the provincial party committee, extended warm congratulations to the new committee of the provincial trade union council for the success of the congress. [passage omitted]

Yang Xingfu, chairman of the provincial trade union council, spoke on the self-improvement of the new leading body of the provincial trade union council and its arrangements for future work.

He said: We should, above all, strive to build the ninth committee and its standing committee into united, creative, democratic, and highly efficient leading collectives; rely on and lead trade union organizations at various levels to work vigorously with the focus on improving economic results; and achieve new breakthroughs.

After the congress, leading comrades of the provincial party committee, Advisory Commission, People's Congress Standing Committee, government, and CPPCC Committee, including Jiang Chunyun, Liang Buting, Li Zhen, Li Zichao, Li Chunting, Ma Zhongcai, Liu Zhongqian, (Li Chunting), Song Yimin, and Zhang Jingtao, as well as Li Farong, member of the Central Discipline Inspection Commission, and Zhao Lin, Gao Keting, and Wang Zhongyin, veteran comrades of the province, cordially meet with members of the new committee and the budget examination committee of the provincial trade union council, and had a group picture taken with them.

Jiang Chunyun-Led Group To Visit Army Units
SK1101102589 Jinan Shandong Provincial Service in Mandarin 2300 GMT 10 Jan 89

[Text] The provincial group to convey greetings and appreciation to the army during the new year and spring festival periods was recently organized. Jiang Chunyun, secretary of the provincial party committee and provincial governor, serves as its leader, and Liu Zhongqian, vice chairman of the provincial Advisory Commission; Zhang Quanjing, secretary of the provincial Discipline Inspection Commission; Lin Ping, vice chairman of the provincial People's Congress Standing Committee; Ma Changgui, special adviser to the provincial government; and Li Zichao, chairman of the provincial CPPCC Committee, serve as deputy leaders.

Cities and prefectures will also organize sub-groups led by their responsible comrades. The provincial group will be divided into three teams and depart for Laiyang, Boshan, and Qingdao beginning 19 January to join the local sub-groups to convey greetings and appreciation to army units stationed there.

Jiang Zemin Addresses Shanghai Party Cadres
OW1101045989 Shanghai JIEFANG RIBAO in Chinese 31 Dec 88 p 1

[By reporter Xiao Ming]

[Text] Shanghai has done better than expected in implementing its 1988 economic and social development plan, and should fulfill or overfulfill all major targets, basically achieving the goal of "winning the first battle" set by the municipal party committee and government at the beginning of this year. This was revealed at a meeting of municipal party cadres held by the municipal party committee and government yesterday.

Zhu Rongji, deputy secretary of the municipal party committee and Shanghai mayor, presided over the meeting. Jiang Zemin, secretary of the municipal party committee, made an important speech on what the party organizations at various levels in Shanghai should do to ensure the fulfillment of next year's economic tasks.

Jiang Zemin first stressed the need for all party organizations in Shanghai to seriously implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and make great efforts to stabilize the economy. He said: The year 1989 is the first year in the comprehensive implementation of the policy of improving the economic environment and rectifying economic order. To strengthen party leadership over municipal economic readjustment and achieve the goal of stabilizing the economy, we must seriously and satisfactorily handle the five kinds of relationship: First, we must appropriately handle the relationship between the partial and local interests and the overall interests by upholding the principle of subordinating the former to the latter. He pointed out: Readjustment is bound to affect the existing interest distribution structure. To ensure the success of readjustment, some partial and local interests must make way for overall interests. All of us in the municipality, from the top to the bottom and from inside the party to outside, must be united in thinking and subordinate our local interests to those of the whole. We must firmly implement state regulations, make determined efforts to scale down municipal investment in fixed assets, and sort out office buildings, auditoriums, guesthouses, and reception halls under construction. We must make genuine efforts to reduce investment in fixed assets, and stop or postpone certain construction projects. Second, we must appropriately handle the relationship between reducing the rate of industrial growth and preventing economic stagnation. We must unite and work together with one heart to overcome difficulties and fulfill next year's industrial and agricultural tasks and financial responsibilities. Third, we must appropriately handle the relationship between reducing demand and ensuring effective supply, stabilize market supply, and ensure a stable livelihood for citizens. We must mobilize all forces in the municipality to promote production of staple and nonstaple food. We must work hard to bring about a bumper agricultural harvest in the suburban areas next year to ensure basic stability in the price of nonstaple food. At the same time, we should set the people's minds at ease by ensuring the supply of the people's daily needs and stabilizing the market. Fourth, we must appropriately handle the relationship between strengthening macroeconomic control and upholding microeconomic flexibility, deepen enterprise reform, and revitalize large and medium-sized enterprises. The focus of Shanghai's enterprise reform next year is to continue stabilizing, improving, and developing the contract responsibility system in operation. Fifth, we must appropriately handle the relationship between overcoming egalitarianism and removing inequitable social distribution by strengthening industrial and commercial management, regulating excessively high income, and clamping down on illegal undertakings.

In his speech, Jiang Zemin also pointed out: We must satisfactorily handle various social contradictions and create a stable social atmosphere for improving the economic environment and rectifying economic order. Economic and social stability is the fundamental guarantee for the success of our work in all fields. Party organizations at all levels in the municipality should not only make great efforts to stabilize the economy, but should also make painstaking efforts to achieve social stability. They should learn to cope with all likely friction and conflict within the framework of democracy and law, and nip them in the bud at the grass-roots level.

Jiang Zemin said: Economic and social stability cannot be achieved without strong ideological-political work. We must continue to strengthen and improve this work, and make full use of the strong points in our political system. We must seriously implement the "Circular of the CPC Central Committee on Strengthening and Improving the Ideological-Political Work of Enterprises." We must continue to promote the study of the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and deepen the education drive in the current situation and tasks, focusing primarily on the study of the basic party line. We must vigorously strengthen the building of socialist spiritual civilization, unite the people's will, and enhance their spirit to win new victories in building material and spiritual civilization next year.

At the request of the Shanghai municipal government, Deputy Mayor Huang Ju delivered a report entitled "Preliminary Views on Planning Shanghai's 1989 Projects in Accordance with the Guidelines Set Out by the National Planning Conference." The report says: This year [1988] is the first year in which Shanghai has undertaken the state's financial and foreign trade contracts. Thanks to joint efforts by party and government cadres and urban and rural residents, Shanghai is likely to fulfill or overfulfill all major quotas set for Shanghai's national economic and social development. The target—namely "winning the first battle"—set by the municipal party committee and the municipal government early this year can be attained. Gross industrial output in 1988 is expected to reach approximately 107 billion yuan, topping that of 1987 by over 9 percent, thus exceeding the target of ensuring a 5 percent-growth but striving for a 6 percent growth—a goal set at the beginning of 1988. Rural Shanghai has reaped a bumper harvest of grain and oil-bearing crops. The supply of nonstaple foodstuffs and vegetables has increased. Total exports in 1988 are expected to exceed \$4.5 billion, an all-time high. New headway has been made in utilizing foreign capital. Conspicuous successes have been achieved in municipal construction. The nine projects closely related to people's life will be accomplished according to schedule.

The report points out: Shanghai will carry out its economic projects in 1989 by following the five-character guideline: steadiness, curtailment, control, realignment,

and change. The targets of Shanghai's macroscopic regulation and control in 1989 and the major measures for attaining these targets are: 1) Making earnest efforts to intensify price control to make sure that the increase in retail commodity prices in 1988 will be noticeably lower than 1988. 2) Speeding up restructuring the product mix according to domestic and foreign market needs and making great efforts to increase output of popular goods and increase effective supply. 3) Continuing to carry out the strategy for coastal areas' development, speeding up restructuring of the foreign trade system and export product mix, and continuing to improve the investment environment in order to be more competitive on the world market. 4) Firmly scaling down the size of investment, and properly liquidating the unfinished construction projects to ensure the needs of key projects. 5) Firmly curtailing institutional purchases, earnestly checking on extra incomes, settling major cases of unfair incomes [shou ru bu gong 2392 0354 0008 0361], and controlling excessive growth of consumption funds. 6) Exploring more resources from all channels to ensure the needs in national economic and social development. 7) Improving and promoting contractual operations to deepen enterprise reform. 8) Optimizing the allocation of resources to improve overall economic performance. 9) Continuing to develop scientific and technological studies and educational, cultural, and health services.

In conclusion, Mayor Zhu Rongji emphatically pointed out that, to ensure Shanghai's steady economic development in 1989, the municipal party committee and municipal government have drawn up a series of measures which are likely to help stabilize the market in Shanghai, boost its production and exports, and improve the major infrastructural services in urban areas next year.

Also present at yesterday's meeting were Xu Qing, vice minister of the Ministry of Supervision, and Wu Bangguo, deputy secretary of the Shanghai municipal party committee.

Activities of Shanghai Party, Government Leaders

Meet on Power Outage

OW1201023289 Shanghai City Service in Mandarin
2300 GMT 6 Jan 89

[Excerpt] At 0115, the municipal electricity bureau reported to the municipal government that a circuit break at the 220,000-volt transformer substation in Pudong's (Zhoujiadu) caused a power and water outage in the Pudong section of the three districts of Yangpu, Huangpu, Nanshi, as well as the Guangkou and Longhua areas. Production at several plants, including Pudong Natural Gas Plant, was affected.

At 0200, Jiang Zemin, Zhu Rongji, and Huang Ju, leaders of the municipal party committee and the municipal government, held an emergency meeting and instructed the municipal government, the municipal

construction commission, the municipal economic commission, [words indistinct], as well as departments of public security, electricity, and (?public transportation), to immediately mobilize themselves and take emergency measures.

After a rush repair by the electricity department, normal power supply was resumed in most of the affected areas.

According to a preliminary investigation, prolonged dryness, compounded with a heavy fog, caused a reduction in insulation, which, in turn, caused [words indistinct]. Therefore, temporary power and water outages may still occur in some areas. Plants and enterprises are urged to pay special attention to ensure safe operation. [passage omitted]

Talks Held With Media Heads

OW1101151689 Shanghai City Service in Mandarin
2300 GMT 7 Jan 89

[Excerpts] Although municipal party Secretary Jiang Zemin and Mayor Zhu Rongji had gone to Pudong earlier, at 0100, to handle a power blackout there, the third meeting of responsible persons from the Shanghai branches of major central media units as well as major Shanghai media units was held yesterday as scheduled. Jiang Zemin and Zhu Rongji had an in-depth dialogue with the media's responsible persons in a candid atmosphere.

At the beginning of the new year, the municipal party secretary, mayor, and the media's responsible persons are very satisfied with their mutual relations. The central media's responsible persons, as well as responsible persons of Shanghai's newspapers, radio stations, and television stations, thanked municipal leaders for their understanding, care, and support. [passage omitted]

At the meeting, the media's responsible persons reflected [words indistinct] and the masses' evaluation of the work of the municipal party committee and the municipal government and presented many suggestions concerning news coverage during the course of improving the economic environment and straightening the economic order.

Jiang Zemin and Zhu Rongji expressed the hope that all media units will do their part to consolidate Shanghai and boost the morale of the residents in the new year.

Central-South Region

Guangdong Party Work Conference Convened
HK1201050789 Guangzhou Guangdong Provincial
Service in Mandarin 0400 GMT 12 Jan 89

[Text] A provincial party committee work conference was convened in Guangzhou yesterday. The conference will enhance understanding, exchange experiences, and study measures for further implementing the guideline of

the 3d Plenary Session of the 13th CPC Central Committee on improving the economic environment and rectifying the economic order, together with the arrangements made by the second plenary session of the sixth provincial party committee. It will persevere in focusing on improvement and rectification, deepen the reforms, implement the coastal economic development strategy, and promote the province's steady economic and social development.

Provincial party committee Secretary Lin Ruo and Governor Ye Xuanping spoke at the meeting yesterday.

Guangzhou Mayor on Resignation of Vice Mayor
HK1101090989 Guangzhou Guangdong Provincial
Service in Mandarin 1000 GMT 10 Jan 89

[Text] At the Sixth Session of the Ninth Guangzhou City People's Congress this morning, Mayor Yang Ziyuan delivered a report on the investigation and handling of problems regarding Comrade Deng Hanguang.

On 27 June 1988, members of the Presidium of the First Session of the Ninth Guangzhou City People's Congress, together with more than 200 deputies, made inquiries of former Vice Mayor Deng Hanguang about his resignation and about losses suffered by the Nanfang Joint-Stock Development Enterprise Corporation.

Referring to whether problems regarding Deng Hanguang were handled too leniently, Yang Zhiyuan noted: On 29 March 1988 the 37th Session of the 8th Guangzhou City People's Congress agreed with the approval given by the Guangzhou City People's Government to the resignation tendered by Comrade Deng Hanguang and decided to relieve Comrade Deng Hanguang from his post as vice mayor of Guangzhou City. After Comrade Deng Hanguang was removed from office, the level of special treatment in his political and social life was lowered accordingly. The party branch of the organization in which Deng Hanguang had worked gave him a serious internal party warning. The aforementioned measures relating to Deng Hanguang's problems are serious and prudent.

Yang Zhiyuan continued: We have also sternly criticized Comrade Deng Hanguang for his malpractices in asking the commercial departments concerned to renovate his house, keeping a special inner room in the (Putianyuan) Hotel for himself, and for his indulgence in pleasure-seeking.

Guangdong Smuggling Cases Involve State Bodies
HK1101113389 Beijing CHINA DAILY in English
11 Jan 89 p 3

[Text] More and more smuggling cases in Guangdong Province involve local government organizations and State-owned enterprises, the Beijing-based ECONOMIC INFORMATION newspaper reported.

Between August and October, 10 out of 24 cigarette smuggling cases were committed by government institutions with a value of 10 million yuan.

A provincial official said smuggling cases involving government bodies usually took a long time to be discovered and settled.

And penalties usually are lighter than for those committed by individuals, he said. Behind-the-scenes supporters of such cases were never tracked down, he said.

"Leaders of counties and towns thought it is all right for institutions to smuggle as long as the profits are not pocketed by the ones who do it," the official said. "Some localities even resort to smuggling as a way to help their area get rich."

A vice-director of the financial office of the Haishan Township government in Raoping County of Shantou City, who also was the manager of Haishan Industrial Goods trading Company, was caught red-handed on the way back while carrying cigarettes from the sea, the paper reported.

He was quoted by the paper as saying that when he was preparing to set up a company, the head of the township Party committee told him to "think up ways to make money." Otherwise, the head said, township construction would lag behind its neighbours.

The head also said, "You go ahead boldly; in case things crop up, the responsibility will be shared collectively."

Nanao County in the same city went even further. According to the Public Security Bureau of the county, 1,080 cases of smuggled cigarettes worth 2.5 million yuan were seized last October. When the cargo arrived at the county, two deputy directors of the county grain administration went to meet the ship, the paper said. They mobilized administrative staff and navy men to unload the cargo and then borrowed a navy warehouse to store the cigarettes.

When such cases were discovered and goods detained by anti-smuggling forces, local judicial departments always delayed hearing the case and heads of local government often defended the smugglers.

New Shenzhen Port Opened to Foreign Countries
HK1101022389 Beijing RENMIN RIBAO in Chinese
7 Jan 89 p 1

[Report by Wang Chu (3769 2806): "Huanggang Port in Shenzhen Is Open to Foreign Countries"]

[Text] Shenzhen—With the approval of the State Council, Huanggang port in Shenzhen has been opened to foreign countries.

After Wenjingdu and Shatoujiao, Huanggang will be China's third port linking the mainland and Hong Kong for land transportation. It has been estimated that the port will be formally put into operation this August.

According to relevant information, Huanggang is situated in the southwest of Shenzhen, facing Hong Kong's New Territories across the river. A reinforced concrete highway bridge about 651 meters long will link the two places. One square km in area, Huanggang port will accommodate both passengers and cargo.

Informed sources here say that after Huanggang is put into operation, it will accommodate about 10,000 passengers and 10,000 motor vehicles a day. It will help alleviate the traffic jam in Wenjingdu port.

Another report reveals that a 135-km-long expressway is being built between Huanggang port and Guangzhou and is expected to go into operation in 1991.

Chen Huiguang Addresses Guangxi CPPCC Meeting
HK1101153089 Nanning Guangxi Regional Service
in Mandarin 1100 GMT 10 Jan 89

[Excerpts] The Second Session of the Sixth CPPCC Committee of the Guangxi Zhuang Autonomous Region opened at the People's Government Auditorium this morning. [passage omitted]

While addressing the meeting, regional CPPCC Committee Chairman Chen Huiguang pointed out: In 1988 the region's economic construction witnessed vigorous development. Despite tremendous difficulties such as unusual weather, repeated natural disasters, a shortage of energy, and strains on transport, it is estimated that most tasks and major targets, with the exception of grain and oil crops, can be fulfilled or overfulfilled. The situation in our region at present is generally good, but we are still facing many difficulties and problems, the most serious of which are strains on grain, energy, and funds and soaring price hikes. In 1988 grain production dropped by 3.3 billion jin. This has created added difficulty for the region's economic work and the people's life. We have now ushered in the new year. We must continue to carry out the spirit of the 3d Plenary Session of the 13th CPC Central Committee and resolutely implement the plans worked out by the central authorities so as to shift the focus of economic work to efforts to improve the economic environment, rectify the economic order, and deepen the reforms in an all-round way. Through the efforts to improve the economic environment and economic order, the economy of our region will be able to develop in a sound and steady way. Particular importance must be attached to agriculture so as to increase agricultural production, especially grain production. [passage omitted]

Hainan Vice Governor Discusses Price Problems
*HK1101150789 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 10 Jan 89*

[Excerpts] Yesterday afternoon Hainan Province Vice Governor Bao Keming made a report when meeting with NPC deputies and some deputies to the Hainan provincial conference of people's representatives who were on an inspection trip in the province. He said: As far as the price problem is concerned, the practices of arbitrarily jacking up prices and exacting charges have now been curbed to a certain extent in the province, but we in Hainan are still facing very arduous and pressing tasks. We must make great efforts to keep the rate of price increases within the margin prescribed by the state plan.

Vice Governor Bao Keming said: The province's commodity retail price index rose by 4.8 and 9.1 percent in 1986 and 1987, respectively, and it rose drastically again in 1988. As compared with last year's figure, the price index rose by 26.7 percent this year. [sentence as heard] The remarkable rise in commodity prices has drawn wide attention and aroused worries among the public.

Comrade Bao Keming said: The price increases were not the result of a single factor but of multiple factors. [passage omitted]

Comrade Bao Keming said: Since the 3d Plenary Session of the 13th CPC Central Committee, Hainan Province has earnestly implemented the principle of improving the economic environment and rectifying the economic order and has adopted a series of measures to stop commodity prices from rising further, thus managing to curb to a certain extent the malpractice of arbitrarily jacking up prices. The prices of many commodities have already dropped to a reasonable level but the current situation in commodity prices is still very serious. In view of this it will be a very arduous task to ensure that this year's increases in the commodity retail price index will be substantially lower than last year's.

Talking about measures to be adopted to keep price increases under stricter control, Bao Keming said:

First, it is necessary to implement the system of contracted responsibility for control over commodity prices for section chiefs and county magistrates. If people charge fail to keep this year's price increases conspicuously lower than last year they will be accountable to the people's congress for their performance.

Second, we must try our best to stabilize the prices of grain and other foodstuffs.

Third, it is necessary to tighten control over the prices of [words indistinct].

Fourth, it is necessary to exercise control over the supply of main capital goods for agriculture.

Fifth, it is necessary to tighten control over important production means. [passage omitted]

Sixth, it is necessary to straighten out the fee collecting system for public facilities and services in urban areas.

Seventh, it is necessary to intensify price inspection units and step up price inspection.

And eighth, it is necessary to introduce a system whereby goods are sold at the marked prices. [passage omitted]

Views Land 'Exploitation'
*HK1201004589 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 10 Jan 89*

[Text] Yesterday afternoon, when briefing NPC deputies who were on an inspection trip in the province and some deputies to the Hainan provincial conference of people's representatives on the progress of the land sorting out operation, Hainan Province Vice Governor Meng Qingping said: The province has been doing well in exploiting land, but there are still quite a few problems; therefore, it is necessary to strengthen land administration.

Meng Qingping said: All city and county governments and departments concerned have done much work to sort out plots of land since the first provincial conference on sorting out plots of land. Now we have basically a clear picture of the distribution and ownership of plots of land throughout the province. In light of the data that have been collected during the current land sorting out operation, the system of compensatory payment for the use of land and the establishment of developmental areas in the province have played a great part in drawing in foreign funds, attracting investors to start projects, and speeding up investment and development. The situation in land exploitation is good. But there are still quite a few problems. First, land exploitation has been going on quite slowly and the area of exploited land only accounts for 43 percent of the land taken over by the state. Second, there are cases of leasing land ahead of schedule in violation of the approval procedures. Third, unauthorized sale and purchase of land and illegal resale of land have been quite common. Fourth, the departments concerned have failed to exercise strict control over the assignment of plots of land.

Talking about the plan on strengthening land administration, Meng Qingping said: We in the provincial government must try our best to see that the current land sorting out operation will be carried out properly through to the end. At the same time, we must constantly improve laws and regulations on land administration and formulate supporting laws and regulations, strengthen the inspection of use of land, straighten out the relations between land development companies and government organs, and bring the land price under

control by macroeconomic means. In brief, we must do a good job in land administration and create favorable conditions for the development of the large special economic zone.

Hainan Official on Grain Supply Measures
HK1201022789 Haikou Hainan Provincial Service in Mandarin 0400 GMT 11 Jan 89

[Excerpts] When briefing NPC deputies who are now making an inspection visit to our province and some deputies to the provincial conference of people's representatives yesterday afternoon, Vice Governor Zou Erkang pointed out: The provincial situation in grain production and grain supply is very harsh and the provincial government has adopted some measures to ensure this year's grain supply. We will increase capital input in agriculture by all sorts of means to boost grain production and raise the degree of self-sufficiency in grain.

Vice Governor Zou Erkang noted: Repeated severe natural disasters have caused a drop in provincial grain production for several years. In 1988 the gross grain output dropped by 340 million jin compared with that of the year before and by 670 million jin over 1977, the year of the greatest bumper harvest. To ensure the grain supply, the provincial government decided last November to import 50,000 tons of rice and the shipment is expected to arrive at the end of January. The central government will allocate 15,000 tons of grain crops to Hainan in February. So, all of you can rest assured that everything will be all right in grain production. [passage omitted]

Comrade Zou Erkang continued: From a long-term point of view, solving the grain issue on the island must be based on self-reliance. Hainan has the potential and this can be achieved. [passage omitted] The provincial government has decided to make, from 1989, an annual investment of 77 million yuan in agriculture for 5 consecutive years in an effort to increase the grain production of our province.

Vice Governor Zou Erkang also said: This year's situation in early rice growing is excellent but there are difficulties in production such as a shortage of chemical fertilizer, seeds, and funds. Leaders and departments at different levels must boost agriculture with one mind and one heart to strive for a bumper harvest of early rice.

Southwest Region

Sichuan Conference on Capital Construction
HK1101152389 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 10 Jan 89

[Excerpts] To implement the circular of the State Council on further screening investments in fixed assets projects under construction, the provincial government last night called a provincial telephone conference in a

bid to make further arrangements for cutting down the scale of fixed assets projects and to resolutely carry out the decisive measure adopted by the State Council of suspending the operation of nine kinds of projects under construction. [passage omitted]

Vice Governor Ma Lin pointed out at the meeting: This year is an important year in which continuous efforts must be made to screen and cut down capital construction projects. The work is a matter of prime importance to the improvement of the economic environment, rectification of the economic order, and deepening of the reform in 1989 and 1990. All localities and departments of the province must further achieve unity of thinking and take the overall interests into consideration to perform the work of cutting down and screening capital construction projects well. It is necessary to shut down before 10 January all of the projects that fall into the nine categories listed in the decision of the State Council, and no excuses should be made for postponing shut-downs and continuing the construction of those projects.

'Overheated' Chongqing Production Under Control
OW1101120889 Beijing XINHUA in English 1603 GMT 10 Jan 89

[Text] Chongqing, January 10 (XINHUA)—Industrial production has been brought under control after being overheated for a long period in Chongqing, Sichuan Province, according to the local statistics bureau today.

Last month, the industrial output value of the city totalled 1.66524 billion yuan, an increase of 0.56 percent over the previous month. The accumulative total of the city's industrial output value for 1988 reached 17.9878 billion yuan, 8.62 percent over the annual quota, and an increase of 17.09 percent over 1987, said the officials.

A report released by the bureau also shows that the output value of heavy industry in the month dropped by 0.03 percent from the previous month to 898.67 million yuan.

And the output value of light industry rose by 1.25 percent to 766.57 million yuan.

The officials attributed the success to the efforts made by departments concerned to cut down the industrial production scale as a way to slow down the overheated growth of industrial production.

This overheated growth put excessive pressure on supplies of energy, raw materials and transportation, city officials said.

NPC Vice Chairman's Activities in Tibet Noted

Pays Visit to Monastery

*HK1101145989 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 10 Jan 89*

[Text] Bainqen Erdini Qoigy Gyaincain, vice chairman of the NPC Standing Committee and honorary president of the Buddhist Association of China, visited Jokhang Monastery on the morning of 10 January to pay respect to the image of the Sakyamuni Buddha.

On reaching Jokhang Monastery by car, Great Master Bainqen was warmly welcomed by a crowd of temple lamas accompanied by the deafening sound of gongs and drums played by a guard of honor. Thousands of Buddhist believers, who had assembled earlier in Jokhang Monastery's square, presented hadas—a greeting gift—to Great Master Bainqen.

Accompanying Great Master Bainqen to pay his respects to the image of the Sakyamuni Buddha were his sutra teacher, Living Buddha (Qamya); his father, (Raoxi Guguan Cedan); and his mother, (Raoxi Helang Nyima).

Also accompanying Great Master Bainqen to Jokhang Monastery were Raidi, Pagbalha Geleg Namgyai, Zheng Ying, and other regional party and government leading comrades, as well as responsible comrades from the regional party committee united front work department, regional nationalities affairs commission, and the Buddhist Association of Tibet.

(Li Zuomin), deputy secretary general of the CPC Central Committee United Front Work Department, was also there.

When Great Master Bainqen was in Lhasa City proper, Mayor Luoga and responsible comrades from the city's People's Congress and CPPCC Committee presented hadas to him as a sign of extending a warm welcome.

Before the shrine of the image of the Sakyamuni Buddha, Great Master Bainqen presented a hada, knelt for prayer, and chanted scriptures, wishing all people in the whole world a happy and peaceful life.

Speaks at Lhasa Banquet

*HK1101110789 Beijing CHINA DAILY in English
11 Jan 89 p 3*

[By staff reporter Guo Zhongshi]

[Text] Lhasa—The Bainqen (Panchen) Lama said yesterday that all his predecessors had been patriotic religious leaders.

He was speaking at a banquet held in his honour by leaders of the Tibet Autonomous Region. He said his hosts had made an indisputable contribution to promoting the unification of the motherland and exchanges between the Han and Tibetan nationalities.

He said there had been great achievements made in Tibet since his last trip early in 1988. However, he said, Tibet was now facing some difficulties that had to be overcome.

Bainqen comes to Tibet every year on personal and religious business. He arrived in Lhasa with his delegation on Monday aboard a special airplane.

Thousands of Tibetan pilgrims, holding white silk hada scarves, crowded the holy square outside Zuglakang Temple early in the morning to wait for their religious leader to appear.

The pilgrims roared their appreciation at the sight of Bainqen, who smiled and waved to them.

The scent of incense sticks and oil lamps filled the inside of the temple; Bainqen chanted prayers, honoured the chief lamas and saw the statue of Sakyamuni, the founder of Buddhism.

Tibet Official Addresses Regional Planning Meeting

*HK1001042589 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 9 Jan 89*

[Excerpts] At a regional work meeting on planning, financial affairs, and the structural reform on the morning of 8 January, regional people's government Vice Chairman Mao Rubai, on behalf of the Tibet Autonomous People's Government, reviewed the region's work in 1988 regarding planning, financial affairs and [words indistinct] and also made arrangements for this year's work in these aspects. [passage omitted]

Speaking on economic work in 1989, Comrade Mao Rubai stressed the following points. First, attention must be given to increasing the output of agriculture and stockraising, expanding cultivated land, and increasing the area where grain crops are sown. [passage omitted] Second, price hikes must be strictly controlled and the overall price rises in 1989 must be smaller than 1988. Third, [words indistinct] vigorous efforts must be made to increase readily marketable goods, and do a good job in the procurement of farm products and in ideological work. Fourth, effective measures must be adopted to reduce frivolous institutional expenditures. Fifth, further efforts must be made to conduct the examination of matters related to pricing, accounting, and taxation. Sixth, it is essential to strengthen construction in the fields of energy and transport so as to ensure the fulfillment of tasks for production of raw and semi-finished materials. [passage omitted]

Tibet, Qinghai Seek Closer Economic Ties
HK1101151889 Lhasa Tibet Regional Service
in Mandarin 1230 GMT 10 Jan 89

[Excerpts] According to XIZANG RIBAO, when holding a forum in the office of the Tibet Autonomous Regional People's Government in Golmud on 7 January, Qinghai Provincial CPC Committee Secretary Ying Kesheng pointed out: Tibet and Qinghai must work hand in hand to promote economic development in Golmud in an effort to accelerate the economy of Tibet and Qinghai. This is our common objective and the orientation of development. [passage omitted]

Speaking on the new situation of economic development and joint efforts to promote economic development in Tibet and Qinghai, Ying Kesheng said: The logistics base of Tibet in Golmud is a window for Tibet to keep in contact with other parts of the country and a window for Tibet to support other parts of the country, including Qinghai Province. So long as we work hand in hand to build Golmud, with joint investments as a key area of development, I believe this will be extremely good for economic development in both Tibet and Qinghai. He expressed the hope that leaders of Tibet and Qinghai would establish closer ties to quicken the pace of development and construction in Golmud as much as possible.

North Region

Chen Xitong Addresses Commercial Workers
OW1101115789 Beijing XINHUA in English
1839 GMT 10 Jan 89

[Text] Beijing, January 10 (XINHUA)—Beijing's commercial workers have been urged to work harder to make the capital's markets more abundant and varied.

Mayor Chen Xitong said at a meeting Monday that they have done much to establish commodity bases and various forms of purchase and sale to keep the capital's markets supplied smoothly and steadily.

Meanwhile, the BEIJING DAILY reported today that the total value of commodity retail amounted to about 212 million yuan last year from January through November, about 33 percent more than in the previous year.

According to the paper, Vice-Mayor Huang Chao asked commercial departments to help control price rises and smooth the market.

He also said that the municipality will improve the leadership and guidance over the capital's commercial work this year.

Xing Chongzhi at Hebei Meeting on CPPCC Work
SK1101041789 Shijiazhuang HEBEI RIBAO
in Chinese 18 Dec 88 p 1

[Text] On the afternoon of 17 December, the Hebei Provincial CPC Committee held a plenary meeting to discuss the suggestion offered by the leading party group of the provincial CPPCC Committee on how to give full play to the role of CPPCC organizations in improving the economic environment and rectifying the economic order. The meeting decided to transmit this suggestion.

The meeting's participants maintained: During 1989 and 1990—a critical period for the improvement of the economic environment, the rectification of the economic order, and the comprehensive deepening of reform—CPPCC organizations will play an important role in extensively uniting the forces in various fields; in helping governments conscientiously improve the economic environment, rectify the economic order, avoid and reduce mistakes in their work, and overcome corrupt phenomenon; in safeguarding political stability and unity; and in ensuring the implementation of the line, principles, and policies defined by the 3d Plenary Session of the 11th CPC Central Committee. The meeting demanded: Party committees at all levels should consider whether or not they can better exploit the role of CPPCC organizations as an important principle for improving leadership style and for enhancing policy-making expertise. Party committees should deeply propagate the nature, position, and role of CPPCC organizations; actually strengthen leadership over CPPCC work; and further improve the multi-party cooperation and political consultation systems under the CPC leadership. Party committees should positively support CPPCC organizations to conduct their work in line with the central tasks of the province and in light of their specific features. With regard to the principles, policies, and measures for improving the economic environment, rectifying the economic order, and comprehensively deepening reform; with regard to the important affairs of the localities and to other important issues with which the masses are concerned, party committees should voluntarily invite CPPCC organizations to conduct consultations and should conscientiously listen to the opinions and suggestions offered by various democratic parties, non-party patriotic personages, people's groups, and patriotic figures of various circles. When people's congresses at all levels hold standing committee meetings, and when governments hold routine meetings and other important meetings, they should invite responsible persons of CPPCC organizations or special committees under CPPCC organizations to attend their meetings as observers. Party committees at all levels should help CPPCC organizations strengthen self-construction and overcome difficulties in their work.

Xing Chongzhi, secretary of the provincial party committee, presided over the meeting. Principal responsible comrades of the provincial Advisory Commission and

the provincial People's Congress Standing Committee, as well as the secretary general of the provincial CPPCC Committee, attended the meeting as observers.

Tianjin Early Marriage, Child-Bearing 'Serious'
HK1101090089 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0835 GMT 10 Jan 89

["Early Marriage and Child-Bearing Serious in Tianjin Municipality"—ZHONGGUO TONGXUN SHE headline]

[Text] Tianjin, 10 Jan (ZHONGGUO TONGXUN SHE)—The increasing number of early marriages and decreasing number of late marriages have become serious obstacles in successfully controlling the population on China's mainland. Surveys carried out by the statistics departments of Tianjin show that as the result of child-bearing at an early age and early peak child-bearing, the population of Tianjin Municipality alone will have exceeded the plan for population control by 100,000 people by the year 1990.

In the five counties of Tianjin, out of every 1,000 women of child-bearing age, 1.58 have given birth to their first child by age 17, 11.95 by age 18, and 21.63 by age 19. None of these women had reached the legal marriage age. Some of them were pregnant before they were married. Others never obtained marriage certificates and their marriages are de facto ones.

According to statistics, Tianjin's late marriage rate has decreased from 96.9 percent in 1980 to 63 percent at present and is decreasing further. The child-bearing rate of married and child-bearing women from age 20 to 24 has also increased abruptly from 37.6 percent in 1981 to 140 percent at present, almost a quadruple increase.

The number of early marriages is higher among women in the rural areas of suburban counties than in cities and higher among less educated women than more educated ones. Only a quarter of the women who have received post-secondary education married before the age of 24, whereas 78.46 percent of those who have received only primary education married before that age.

Tianjin Industry, Exports Show Increase in 1988
OW1101134389 Beijing XINHUA in English
0656 GMT 11 Jan 89

[Text] Tianjin, January 11 (XINHUA)—Tianjin's exports were 1.67 billion U.S. dollars last year, 10 percent higher than the previous year and the city's highest since 1980.

Local officials attributed much of the increase to Tianjin's increased exports to Japan, Western Europe and the United States.

The city is also handling more processing trade, officials said. Last year, the city signed 500 contracts to process imported materials and equipment. This business was worth 95 million U.S. dollars.

Figures just published by the state statistical bureau also show that Tianjin's industry grew by almost 11 percent last year to reach 36.1 billion yuan.

This was the highest industrial growth rate in three years, a bureau official said.

Light industry grew faster than heavy industry, the figures show. Total output of light industry reached 19.7 billion yuan, up 13 percent over the previous year. Heavy industry grew by 8.4 percent.

Last year saw a big increase in production of color televisions, refrigerators, washing machines and cameras, which officials said are in short supply on the market.

Northeast Region

Troops Mobilized to Heilongjiang's Daqing
HK1201002189 Hong Kong SOUTH CHINA
MORNING POST in English 12 Jan 89 pp 1,10

[By David Chen]

[Text] Troops have been called into China's largest oilfield near the northeastern city of Daqing, in Heilongjiang Province, to maintain law and order among disgruntled workers.

The army has mobilized a brigade of soldiers, between 2,000 and 3,000 men, who are in the city awaiting deployment after a major reorganization exercise last year, according to sources yesterday.

This is the first time since the Cultural Revolution more than a decade ago that troops have helped the People's Armed Police and local police keep the city under control.

Information about the unrest is scanty and the state has kept strict silence over the incident, although rumours about disturbances in the northeastern region have been going on for some time.

Sources said the troops were called in shortly after the National Day celebrations in early October.

What sparked the labour unrest and what exactly were their grievances is not clear, but it is understood the workers had staged strikes demanding better treatment and higher wages.

The fact the troops were still in control of the city indicated the seriousness of the situation there, analysts said.

Since the oilfield was discovered in the early 1960s workers have flocked from other regions and have been extolled as socialist China's supreme example of pioneering spirit and sacrifice during the Mao era.

But since economic reforms were introduced this spirit has begun to dwindle as workers clamoured for better pay and other benefits.

Last summer, Daqing suffered major losses in production after torrential rains that inundated the region and closed the oil wells for several weeks.

And although the state claimed production was sustained at an average level, analysts said it was actually much lower than the average annual yield of about 55 million tonnes, or roughly about 40 percent of the country's total production.

At the same time, Daqing officials are also facing the prospect of losses through artificially depressed prices for the crude oil the city sells to other sectors of the industry.

The sharp drop in production also affected the workers' wages and fringe benefits prompting widespread discontent, the sources said.

Meanwhile, it was also learned that the Central Military Commission, headed by the country's senior leader, Mr Deng Xiaoping, decided at a recent enlarged session to further reduce troops by between 300,000 and 500,000 and amalgamate two military regions.

There are at present seven military regions, with Beijing, Shenyang, Nanjing, Guangzhou, Chengdu and Lanzhou regions (named after the cities where the headquarters of these regions are based) the most strategic.

Analysts believe that if such a decision is to be implemented, the Jinan military region, which looks after Shandong Province, may be amalgamated into the Beijing region. There is also a possibility that the Shenyang region, which looks after strategic northeast China, may also join the command based in Beijing.

This will make Beijing the most important strategic command.

At the same time, units in the major military regions will also be trimmed by up to half a million soldiers. Local units which do not come under the direct command of the military regions will not be affected.

The move is seen as an attempt by the central authorities to reduce the influence of the region commanders in the border areas even though most of them are known to be close to or trusted by Mr Deng.

The sources said the decisions were reached only recently and had yet to be implemented.

Harbin Holds Conference of Chief Procurators *SK1201061689 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 11 Jan 89*

[Text] (Li Wenqi), deputy chief procurator of the provincial People's Procuratorate, said at the provincial conference of chief procurators: Thanks to the hard work over the past 2 years, the quality of procuratorial cadres and policemen throughout the province has remarkably improved. However, some problems meriting our close attention have also arisen. Among the cadres and policemen throughout the province, the number of those who violate law and discipline is on the rise. Moreover, serious and violent cases have increased. Since 1986, procuratorial organs throughout the province have publicized advanced examples, carried out activities to vie for being outstanding, and corrected unhealthy trends characteristic of the trade to universally upgrade the political quality and professional competence of the cadres and policemen. In this way, they have made contributions to developing our province's procuratorial work and serving reform and opening up. Over the past 2 years, more than 60 percent of the procuratorates of the province have been named as units of the spiritual civilization, advanced party branches or advanced collectives, and more than 70 percent of the cadres and policemen have been named as outstanding party members or advanced workers or have been rewarded for their contributions. From June to August last year, personnel of the procuratorial organs throughout the province rejected gifts and money as bribes, totaling more than 240,000 yuan renminbi, on 889 occasions. Contrary to this, among a small number of procuratorial organs and cadres and policemen, some problems have indeed emerged which we must not neglect. The major problems are as follows: The number of cadres at and above the section level who violated law and discipline increased; a small number of procuratorial organs abused their power to violate law and discipline in the economic field, and some of them even used the illicit money to engage in resales of vehicles and timber; some procuratorial organs did not enforce laws strictly, and even bent the law to help relatives or friends; and some cadres and policemen engaged in gambling, hanging around with women hooligans, and even stealing money and materials, committing robberies at people's homes, and committing rape or murder for revenge. As a result, such cases as the procuratorial organ of (?Dongli District) of Harbin, which bent the law to help relatives or friends to a serious extent, and the cadres and policemen of the Mudanjiang City procuratorial organ, who, because of their gambling debts, wore masks and broke into people's homes to steal and rob, emerged. From this, we can see that great efforts are required if we are to build a clean and honest contingent of procuratorial cadres and policemen.

Sun Weiben at Heilongjiang Handicapped Congress
SK1101043589 Harbin HEILONGJIANG RIBAO in Chinese 17 Dec 88 p 1

[Excerpts] The first provincial congress of handicapped people ended today at the Friendship Palace in Harbin. It lasted 3 days.

More than 300 persons from various localities throughout the province, including handicapped people, family members of the handicapped, and personnel in charge of the work of the handicapped people, gathered together under the same roof to summarize the achievements and deficiencies in our province's work for the handicapped over the past few years, elected leading organs of the provincial federation of the handicapped people, and discussed and adopted "The Detailed Heilongjiang Provincial Rules and Regulations for Implementing the Regulations of the China Federation of Handicapped People."

According to statistics, so far our province has 1.2 million handicapped people, accounting for 3.51 percent of the province's total population. With the concern and support of the party and the government, employment, education, and medical and health recovery undertakings for handicapped people have made great strides. However, there are many problems which need solutions urgently in our undertakings for the handicapped. Owing to some historical reasons and restrictions imposed by the level of productive forces, in general, the livelihood, employment, and education of our province's handicapped people are still far behind the social average. In social life and certain aspects, varying degrees of discrimination and prejudice against handicapped people still exist. In the urban and rural areas of various localities some handicapped people who are able to work cannot find jobs. Some social welfare enterprises lack competitiveness and their performance is not good. The rate for handicapped children entering school is not high (only 5.2 percent compared to 98.4 percent for healthy children). A considerable number of handicapped people who might have been treated with prospects for recovery have failed to receive timely treatment. In addition, funds for developing undertakings for them are far from enough.

In his speech, Vice Governor Du Xianzhong called on governments at all levels to include undertakings for handicapped people in their national economic and social development plans; give overall consideration to these undertakings; make overall arrangements; and realistically solve handicapped people's problems in terms of health recovery, education, employment, and participation in social activities. He also called for efforts to conduct extensive propaganda on socialist humanitarianism and to urge the whole of society to further understand, respect, care for, and help handicapped people. [passage omitted]

During the congress, Sun Weiben, Wang Zhao, Zhang Xiangling, He Shoulun, Jin Xiaozhen, and Yu Dianchen attended the congress to extend congratulations. Li Shihan, vice president of the China Federation of Handicapped People, and others made a special trip to the congress to extend congratulations and gave speeches.

The congress elected Du Xianzhong chairman of the presidium of the provincial federation of handicapped people, and Wang Chengzhi, Ma Lin, Zhang Shenyu, Zhang Jinlang, and Sun Guilan vice chairmen.

Jilin Issues Circular on Practicing Economy
*SK1101014589 Changchun Jilin Provincial
Service in Mandarin 2200 GMT 9 Jan 89*

[Text] On 10 January, JILIN RIBAO carries on the front page the circular issued by the provincial party committee and the provincial People's Government on increasing production and practicing economy as well as increasing revenues and curtailing expenses.

It is stated in the circular that in order to deeply implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee to ensure the smooth progress of improving the economic environment and rectifying economic order and to enable the province's economy to score results along with readjustment and to achieve stable development, the provincial party committee and the provincial People's Government have decided to deeply carry out the campaign of increasing production and practicing economy as well as increasing revenues and curtailing expenses throughout the province. This is being done to mobilize the people of various nationalities, fronts, and industries and trades to carry forward the spirit of waging arduous struggle and building up the country through thrift and hard work; to vigorously tap potential; and to increase effective supplies, economic results, and social benefits. The purpose is to ensure overall fulfillment of 1989 plans for the national economy and various social undertakings and to strive to complete various tasks set forth by the 3d Plenary Session of the 13th CPC Central Committee.

It is pointed out in the circular that in waging the campaign in 1989, we must uphold the principle of improving the economic environment, rectifying economic order, and deepening the reform drive in an overall way. Efforts should be made to mobilize the forces of various social circles to increase production and practice economy and to increase revenues and curtail expenses to ensure the overall fulfillment of 1989 plans for the national economy and various social undertakings. This is to be done by taking the task of increasing economic results and effective supplies as a target and by regarding as a focal point the work of upgrading product quality, decreasing material consumption, combating extravagance and waste, curtailing various expenses, and controlling the scale of price hikes. The campaign's general target in 1989 is to maintain a stable and proper increase rate in the economy to ensure economic results, to show a 4-percent increase over 1988 in total agricultural output value, to show a 10-percent increase in total industrial output value, to show a 7.5-percent increase in GNP, and to vigorously realize a balance between financial revenues and expenses.

It is noted in the circular that in deeply carrying out the campaign, it is imperative to enhance leadership over the campaign and to fully bring into play the enthusiasm of various social circles. In waging the campaign, efforts should be made to integrate the campaign in an organic way with deepening the drive to conduct enterprise

reforms; to continuously develop the responsibility system and improve the managerial mechanism of enterprises; to actively and adequately enforce the stock system; to do a good job in involving a whole range of reforms in enterprises' systems of leadership, personnel affairs, labor affairs, and distribution; to bring into play the enthusiasm of managerial units at all levels and of every staff member and worker in increasing production and practicing economy as well as increasing revenues and curtailing expenses; and to turn the campaign's content into the conscious acts of the broad masses of cadres, staff members, and workers. In waging the campaign, we should also integrate the campaign with implementing the measures of improving the environment, rectifying the order, and enhancing macroeconomic readjustment and control. In the coming 2 years, we will not build auditoriums and hostels. We will bring the scale of investment in fixed assets under strict control and emphatically manage well the funds outside the plan. Efforts should be made to bring social institutional purchasing power under strict control, to curtail charges and expenses, to strictly enforce financial and economic disciplines, and to enhance the management over tax revenues. Departments in charge of financial affairs, tax affairs, banking, audit affairs, and supervisory work should enhance their activities of inspection and supervision. Efforts should be made to successfully conduct readjustment in the economic structure and to optimize the allocation of natural resources so as to enable the limited natural resources to be fully or reasonably utilized and to increase macroeconomic results. A good job should be done in directing key enterprises to switch their losses to profits. Enterprises which have long suffered losses and stopped their losses without making profits should try to enforce the responsibility system and to set up economic associations with others, or should be merged with others, be sold at reduced prices, and announce their bankruptcy. Efforts should be made to enhance enterprise operation and management, to further improve the banking affairs within plants, to enhance economic accounting, to improve the managerial system of financial affairs, to bring all funds and expenses under overall control, and to conduct inventory among warehouses and cash stocks to reduce the volume of funds that are tied up as much as possible. We should vigorously promote the work of making technical progress and do a good job in applying the scientific and technological results. Efforts should be made to mobilize the masses to carry out the activities of minor invention, renewal, designation, and renovation, as well as of suggestions for minor events; to renew out-dated equipment; and to improve the out-dated technology to vigorously upgrade the standard of enterprises' production technologies and product quality.

It is stressed in conclusion in the circular issued by the provincial party committee and the provincial People's Government that waging the campaign is a task not only undertaken by the economic departments but also undertaken together by various fronts and other departments. Each unit should do a good job in launching its

own campaign in line with its actual situation. Localities, departments, and units must make realistic arrangements for their campaign in line with the target set by the province for the campaign and with their actual situation and successfully and realistically implement the arrangements.

The provincial People's Government has instructed the planning and economic commissions and the financial departments at provincial, prefectural, city, and county levels to do a good job together in launching the campaign.

Jilin 1988 Industrial Production Reported
*SK1101102889 Changchun Jilin Provincial
Service in Mandarin 2200 GMT 10 Jan 89*

[Text] The province's industrial production grew in a sustained and stable manner in 1988. The industrial output value totaled 30.533 billion yuan, a net increase of 4.122 billion yuan over the preceding year. In carrying out industrial production, the province emphatically ensured the production of energy resources and raw materials urgently needed in production and construction. The production of steel rose by 39 percent; that of chemical pesticides, 52.9 percent; that of chemical medicine, 66.6 percent; and that of sulphuric acid, dyeing material, plastics, artificial boards, cement, and plate glass all by more than 10 percent. Production of processed products of heavy industry grew fairly rapidly. Among them, motor vehicles registered an increase of 37 percent; tractors, 16.3 percent; and passenger trains, 15.3 percent. Among light industrial products, television sets registered an increase of 39.7 percent, and household refrigerators 800 percent. The production of canned food, sugar, cigarettes, beer, matches, and synthetic detergents also showed substantial increases.

Jilin 1988 Family Planning Figures Reported
*SK1101054489 Changchun Jilin Provincial
Service in Mandarin 2200 GMT 10 Jan 89*

[Text] As was learned from the provincial family planning commission, calculated on the basis of the national child bearing and birth control sample survey, our province's one-child rate reached 74.75 percent in 1988, its birthrate reached 17.92 per thousand, and its multiple birthrate declined to 2.37 percent, lower than the national average. Furthermore, the number of unplanned births throughout the province was reduced by more than 11,000 from 1987.

Liaoning Plans Liaodong Cooperative Development
*HK1001125789 Beijing CEI Database in English
10 Jan 89*

[Text] Shenyang (CEI)—Liaoning Province plans to cooperate with foreign businessmen in developing Liaodong Bay in the forms of solely foreign-funded enterprises, joint ventures or use of foreign funds, a provincial source said.

Liaodong Bay, stretching from Laotieshan of Lushun in the east to Qinhuangdao in the west, is located in the northeast of China's Bohai Sea. Nine rivers flow into the sea here with between 80 and 120 billion cubic meters of water pouring into the sea every year. Deepwater seaports such as Dalian, Yingkou and Jinzhou can berth ships of 10,000 to 100,000-dwt.

Liaodong Bay is rich in oil resources. The Liaohe oilfield, known as the third largest oilfield in China, produced over 12 million tons of crude oil and 1.6 billion cubic meters of natural gas annually since it was opened up in the 1970s.

In recent years, 36 oil bearing structures have been discovered in the Liaodong Bay, most of which have not yet been opened up.

Fushun, Jinzhou, Dalian, Liaoyang, Yingkou and Anshan, located along the coast or in the interior, are all notable industrial cities in China. Nine big oil refineries in these cities have formed the largest oil refining and petrochemical industrial bases in China, accounting for one-third and a quarter respectively of China's total crude oil processing capacity and processing output.

It is learned that investors from the United States, Japan, France, Italy and Canada have shown keen interest in the joint development of Liaodong Bay.

Two ethylene installations in Fushun and Panjin, each with an annual output of 150,000 tons, are under construction with 500 million U.S. dollars of international loan. They are expected to go into operation in early 1990.

Northwest Region

Gansu Secretary Urges Boosting Foreign Trade
HK1101031789 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 11 Jan 89

[Excerpts] Having registered vigorous growth for 2 successive years, Gansu again reached a new level in earning foreign exchange from exports last year. Total earnings for the year were \$150.32 million, exceeding the plan by 23.68 percent. The province thus reached the target set by the Seventh 5-Year Plan 2 years ahead of schedule.

Yesterday morning, at the provincial foreign trade planning conference, Li Ziqi and Yan Haiwang congratulated and extended regards to the staff and workers of the province's foreign trade front who have scored outstanding success. [passage omitted]

In a speech at the conference, Li Ziqi expressed the hope that the staff and workers on the foreign trade front will maintain last year's level in exports and trade and achieve a steady increase as far as possible. He said: In foreign trade, we must pay attention to handling properly the relationship between investment and output. Apart from increasing investment, we must also pay attention to having imports nourish exports. We must expand the scope of business and must not only do a good job in foreign trade but also bring in more foreign loans and advanced technology. We must develop trade through our western gateway and open up trade windows aimed at Eastern Europe and Eurasia. We must also pay attention to integrating trade with industry.

Li Ziqi also stressed that it is essential to continue to improve the quality of foreign trade cadres. They must observe discipline and law, be just and impartial in their dealings, and refrain from abusing their powers.

Governor Addresses Qinghai Agriculture Meeting
HK1201023389 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 11 Jan 89

[Excerpts] The provincial agricultural work conference that concluded in Xining on 11 January proposed this year's goals for grain and oil production, calling for respective increases of 4 and 6 percent in grain and oil output.

During the conference the participants summed up last year's agricultural production and, on this basis, studied and analyzed the rigorous situation facing agriculture in the province. They gained a relatively unified understanding of the status of agriculture as the foundation and obtained a clear idea on the tasks for developing agricultural production in the future. [passage omitted]

During the conference Governor Song Ruixiang and Vice Governor Ma Yuanbiao gave views on agricultural development, organizing and implementing projects for solving the food and clothing problem, and helping the masses to resolve this problem.

Taiwan Invites Mainland Table Tennis Players
OW1101135289 Beijing XINHUA in English
0830 GMT 11 Jan 89

[Text] Hong Kong, January 11 (XINHUA)—An oral invitation to have noted table tennis players and coaches on the mainland visit Taiwan and give exhibitions there was extended to the Chinese Table Tennis Association Wednesday.

The invitation was expressed by Chou Lin-cheng, secretary general of the Chinese Taipei Table Tennis Association to Li Furong, director of the Training Department of the Chinese State Physical Culture and Sports Commission, when they had breakfast together here this morning.

Li told him that sports exchanges between the mainland and Taiwan would be in the interest of promoting the sports standards of the Chinese nation.

He stressed that the invitation should be sent officially in the mail by the Chinese Taipei Table Tennis Association to the Chinese Table Tennis Association, that it should be without any conditions, and that the Chinese Taipei Association would abide by the relevant resolution of the International Olympic Committee.

Chou Lin-cheng told Li Furong that his association planned to invite Jiang Jialiang, Teng Yi, Jiao Zhimin, Li Huifen, and their coaches Xu Shaofa and Zhang Xielin, together with Li Furong, to visit Taiwan.

He said that the planned visit would help improve the table tennis standard in Taiwan, where 200,000 people practice the sport.

Chou gave Li some application forms for travel documents issued by the Taiwan authorities to "outstanding mainland figures and mainland scholars and students overseas". The form says that "those who have joined the Communist Party" are denied the document.

Li Furong pointed out that many people in Taiwan had visited their relatives or travelled as tourists to the mainland and that none of those who had joined the Kuomintang had been turned down.

Taiwan Donates Money to Yunnan Quake Victims
HK1101154189 Beijing ZHONGGUO XINWEN
SHE in Chinese 1232 GMT 10 Jan 89

[Report: "Taiwan Compatriots Donate \$1.8 Million to Earthquake-Stricken Areas in Yunnan"—ZHONGGUO XINWEN SHE headline]

[Text] Hong Kong, 10 Jan (ZHONGGUO XINWEN SHE)—According to a report from Taipei, the Taiwan Red Cross Society announced it had wound up accepting donations from compatriots in various circles on the island for the earthquake-stricken areas in Yunnan. By

the end of last year, it had accepted donations totalling NT [new Taiwan] \$52 million or so (approximately \$1.8 million). All the donations have been transferred to compatriots in the earthquake-stricken areas in Yunnan so that they can use the money to rebuild their homeland.

Chen Chang-wen, secretary general of the Taiwan Red Cross Society, said: This was the first large-scale activity carried out by Taiwan compatriots soliciting money for disaster-stricken areas on the mainland. The activity started on 11 November last year. People in various circles contributed money generously. The money has been remitted to the Red Cross Society on the mainland in two separate batches.

Chen Chang-wen added: The Taiwan Red Cross Society is considering a method of remitting money by telegram through a third party to relatives of Taiwan compatriots on the mainland.

Visitors From Taiwan May Lose Citizenship
HK1201080089 Beijing ZHONGGUO XINWEN
SHE in Chinese 1428 GMT 11 Jan 89

["Taiwanese Visitors Staying on the Mainland Beyond the Reentry Expiry Date May Be Deprived of the Right of Abode in Taiwan"—ZHONGGUO XINWEN SHE headline]

[Text] Hong Kong, 11 Jan (ZHONGGUO XINWEN SHE)—A report from Taiwan says the committee for drafting the provisional regulations governing civilian relations between the two shores of the Taiwan Strait under the "Ministry of Justice" of Taiwan has made a preliminary decision, according to which any Taiwan resident who goes to mainland China to pay a home visit and remains there for more than 2 years will be regarded as a mainland resident and must apply, like other mainland compatriots, for an entry permit if he wants to return to Taiwan. Anyone who enters Taiwan in this way with a permit granted by the Taiwan authorities must leave Taiwan before the permit expires.

A report carried in today's LIEN HO PAO says the committee for drafting the provisional regulations governing civilian relations between the two shores of the Taiwan Strait under the "Ministry of Justice" of Taiwan studied the matter for 2 days, decided to apply the above-mentioned rule of "changed status" to the cases of those Taiwan residents who stay on the mainland beyond the re-entry expiry date, and the decision will be incorporated in the provisional regulations governing civilian relations between the two shores of the Taiwan Strait.

The same report says this stipulation will force those Taiwan civilians intending to remain in mainland China to make a choice between Taiwan and the mainland. If they are ready to live on the mainland, they will have to give up their right of abode in Taiwan.

Since the Taiwan authorities lifted the ban in late 1987 to allow Taiwan people to travel to the mainland to visit their relatives, some civilians visiting the mainland have remained there and have not returned to Taiwan. According to an ordinance that the Taiwan authorities enacted when lifting the ban, each Taiwan civilian is allowed to pay only one home visit to mainland China each year and the duration of each stay on the mainland must not exceed 3 months.

JIEFANGJUN BAO Urges Reunification
*HK1001142589 Beijing JIEFANGJUN BAO
in Chinese 1 Jan 89 p 4*

[Commentary by Reporter Liu Xinru (0491 2450 1172):
"The Tide for the Peaceful Reunification of the Motherland Cannot Be Turned Back"]

[Text] As the old saying goes, "More than ever, during holidays people think of their loved ones who are far away." In greeting the coming of the new year, we also commemorate the 10th anniversary of the publishing of the "Message to the Taiwan Compatriots" by the NPC Standing Committee and review the development of, and changes in, the relations between the two sides of the Strait during the past 10 years. We deeply feel that the relaxation of the situation of the Strait, the increase in exchanges between the two sides, consultation and dialogue, and the promotion of the motherland's reunification have become an irreversible historical trend.

Ten years ago, on the day the Message to the Taiwan Compatriots was published, Comrade Deng Xiaoping said: "This is an extraordinary day." Today we find that the extraordinary significance of the publishing of this message lies in the fact that this event was an historic turning point in the relations between the two sides of the Strait. From then on, the antagonistic and frozen situation that had lasted for many years began to change, and a tranquil and relaxed atmosphere appeared over the strait. The message of the NPC Standing Committee, together with the Nine-Point Proposal and the formula of "one country, two systems" put forward by the CPC leaders, won the support and understanding of compatriots on both sides and of all people who love the Chinese nation. People in various circles on both sides have put forward many reunification schemes. In recent years, hundreds of thousands of Taiwan compatriots have come to the mainland to visit their relatives and take sightseeing tours. Many separated families realized their long-cherished dreams of reunion. Trade between the two sides has been increasing, and exchanges in the scientific, cultural, sports, and other fields have also become more frequent. These changes in relations between the two sides reflect the common wishes of the people and the general historical trend. They are the results of joint efforts made by the people on both sides. It is a pity that the Taiwan authorities still adhere to an anti-communist position and continue to reject any reconciliation, although they have taken some measures to relax relations between the two sides. They are now

pursuing so-called "elastic diplomacy" and trying to seek "double recognition." This adds more artificial obstacles to the development of relations between the two sides, as they attempt to maintain the divided condition. This not only goes against the wishes of the entire Chinese people, including the people in Taiwan, but also harms the future of the KMT.

It is becoming more and more out of keeping with the times and with human progress to resort to confrontation in dealing with international and domestic differences. Replacing division with reunification and war with detente has become the general trend in today's world. The development of the present situation in China and in the world provides more favorable conditions for our motherland's peaceful reunification. In the past there have been wars and conflicts in many countries and regions, but people now tend to bury the hatchet. Our compatriots on both sides have a consensus of opinion on many issues, agreeing especially on the idea of one China, and ardently hope that "China will be reunified at an early date." Since warring countries and parties in other parts of the world can now bury the hatchet, why can't the compatriots of the same nation get together to discuss the great cause of reunification? Nothing is closer than people's ties of kinship, and nothing is more painful than the division of a nation. Reunification would be beneficial to both sides, and division is harmful to both sides. If compatriots are separated from each other, cannot hear from each other, and cannot maintain contact with each other, if the motherland cannot be reunified, and if families cannot be reunited, then the nation, country, and people will suffer tremendous losses. All Chinese people at home and abroad long for an early termination of this painful condition. Realizing the motherland's peaceful reunification is a sacred mission entrusted to us by history. Dr Sun Yat-sen, the pioneer of the democratic revolution, said: "If a cause complies with the heavenly principles, the feelings of mankind, the world's trend, and the needs of the masses, and if the cause is advanced by people with determination and consciousness, then it will certainly succeed." We pin our hopes on the people in Taiwan and also on the Taiwan authorities. It is hoped that the Taiwan authorities will adapt their policy to the trend of the times, remove artificial obstacles and barriers, and agree to hold peace talks at an early date so as to quicken the pace of the motherland's reunification.

"One Country, two systems" is the best scheme for solving the issue of reunification between the mainland and Taiwan. People used to say that "minor differences can be kept while major common points are sought." On the issue of the motherland's peaceful reunification, we should change this to "keeping major differences while seeking major common points." The people on the mainland and in Taiwan are all offspring of the Yan and Huang Emperors and belong to the same China as recognized by the world. The longstanding division of the country cannot continue any longer, and reunification should be realized as soon as possible. This is the

"major common point" we should seek. As for the "major differences" in the social and economic systems on the two sides, they can coexist peacefully and develop side-by-side on the basis of the "major common points." So long as both sides attach importance to the interests of the nation, the country, and the people and give consideration to the benefit of future generations, they will be able to surmount all obstacles. The principle of "one country, two systems" fully embodies the spirit of respecting both historical and present conditions and giving consideration to the interests of all sides. The feasibility of this formula has been proven in the settlement of the Hong Kong and Macao issues. The settlement of the Hong Kong and Macao issues also provides a useful reference for the settlement of the reunification issue between the mainland and Taiwan. This formula is realistic and is in line with the fundamental interests of all Chinese people, including the people in Taiwan.

To commemorate the 10th anniversary of the publishing of the Message to the Taiwan Compatriots, we should continue to concentrate on economic construction, develop the motherland's modernization and the cause of peaceful reunification, further advance the peaceful settlement of the Taiwan issue, and promote the common prosperity of both sides of the Strait.

Fujian Receives 150,000 Taiwan Visitors in 1988
OW1101152089 Beijing in Mandarin to Taiwan
0400 GMT 10 Jan 89

[Text] Fujian, ancestral home to most Taiwan compatriots, received 150,000 visitors last year from the other shore of the Taiwan Strait, more than six times the 22,000 visitors it received from Taiwan in 1987.

People in Fujian warmly welcomed their relatives. For their convenience, sea and air ports in Fujian have set up special information desks, inspection counters, taxation counters, and check-in and check-out lanes for Taiwan compatriots. This express service was highly praised by Taiwan compatriots.

The longstanding confrontation and separation between both sides of the Taiwan Strait left Taiwan compatriots with very little knowledge about mainland China. In order to familiarize Taiwan compatriots with the motherland, Fujian travel department, in addition to briefing them on general information, last year on several occasions invited general managers of some travel agencies in Taiwan on an orientation tour of Fujian.

Kuomintang To Support Reform Bills
*OW1201091289 Taipei CNA in English 0310 GMT
12 Jan 89*

[Text] Taipei, Jan. 12 (CNA)—The Central Standing Committee of the ruling Kuomintang (KMT) decided Wednesday [11 January] to continue support for two important bills pending in the Legislative Yuan in order to continue promoting the Republic of China's political reforms.

The two bills are among the five major bills presented to the National Legislature by the government last year under the reform program initiated by late President Chiang Ching-kuo and continued by President Li Teng-hui.

One calls for senior members of the nation's three parliamentary bodies to retire voluntarily to rejuvenate the parliament and the other calls for revising the Election and Recall Law to improve the election system.

The KMT policy-making body decided in its weekly meeting Wednesday that the bills should clear the Legislative Yuan in its current 82d session in order to meet the changing times and the nation's developmental needs.

The committee has instructed the party's Central Policy Coordination Committee to mobilize KMT legislators to support the bills in the legislature, which will begin discussions on the bills Thursday. The KMT holds an absolute majority in the Legislative Yuan.

KMT officials told reporters after the meeting that the bill on the voluntary retirement of senior parliamentarians would further political reforms and strengthen the functioning of the parliament while maintaining the nation's constitutional system.

According to the spirit of the bill, they said, senior parliamentarians, most of them elected on the Chinese mainland 4 decades ago, would be encouraged to retire "voluntarily." "No deadline will be set for their retirement," they added.

The bill would authorize the government to pay pensions of NT\$ [new Taiwan dollar] 3 million (U.S. \$107,526) to each of the senior parliamentarians who retire voluntarily in recognition of their contributions to the nation during past decades.

The senior parliamentarians have been frozen in office since their terms ended in the early 1950s because the nation has been in an extraordinary condition since the communists occupied the Chinese mainland in 1949 and forced the ROC Government to move its seat to Taiwan.

The revision of the Election and Recall Law will require the government to greatly ease restrictions on election campaigns, the KMT officials said.

It would stipulate that the Central Election Committee allow candidates to campaign through television and other mass media in certain elections. It would also raise quotas on campaign funds to more realistic levels.

Under the bill, candidates will be prohibited from accepting donations from foreign organizations or other candidates running in the same elections. The government will instead consider providing qualified candidates with public funds.

The proposed election of the Taiwan governor and Taipei and Kaohsiung mayors will be excluded from the bill because it is a constitutional problem, the officials said.

The KMT also decided that the Election and Recall Law should retain its current provision that people who have been convicted of sedition be prohibited from running for public office.

Officials on Outcome of U.S. Turkey Meat Talks
*OW1101123289 Taipei Domestic Service in Mandarin
2300 GMT 6 Jan 89*

[Text] Frederick Chien, chairman of the Council for Economic Planning and Development under the Executive Yuan, said that the outcome of the ROC-U.S. trade talks was very much to our expectations and that representatives of both sides were very satisfied with the agreement reached.

(He Chieh-chao), vice chairman of the Council on Agriculture, said: Since last year the government has actively assisted chicken farmers to improve their production and marketing. If they are affected by the importation of turkey meat in the future and the price and sales of chicken meat (?plummet), the government will assist chicken farmers in processing their products.

(Chen Tun-fang), president of the Chicken Farmers Association of the Republic of China, said now that the government agreed to fully open the local market to U.S. turkey meat on 1 September 1990 instead of the previously planned 1 January 1991, we hope that the government will also make early appropriations for construction of [words indistinct] and processing plants.

Commentary on Trade Concessions
*OW1101114489 Taipei International Service in English
0200 GMT 9 Jan 89*

[Station commentary: "U.S. Gobbles Up More ROC Trade Concessions"]

[Text] Trade negotiations between officials of the Republic of China (ROC) on Taiwan and the United States ended in the usual way with the ROC making concessions on market openings. Commentary for the Voice of Free China, this is (Kathy Wang).

This time the issue was, of all things, turkey and duck imports from the United States. The United States insisted that Taipei open its market totally to U.S. exports of turkey and duck parts, but Taipei asserted at first that a sudden opening of the market would damage chicken farming on Taiwan. As in past cases, Washington then threatened to levy a Section 301 trade retaliation measure against the ROC. So Taipei backed off and negotiated for a more gradual market opening.

It was finally agreed that Taipei would allow U.S. turkey and duck imports into Taiwan without restriction beginning in September 1990. In the months prior to that date, Taipei will gradually expand import quotas beginning with monthly imports of 450 tons throughout 1989, then rising to 500 tons per month during the first 8 months of 1990. (Half) of any unused quotas may be extended to the next month.

Last summer, the United States decided to make the turkey issue a key one in its efforts to persuade Taipei to open markets to products in which the U.S. is a traditional export power. Thing got off to a bad start when Taiwan chicken farmers protested U.S. pressure on trade. In the wake of the protest, Taipei decided to ban all imports of turkey parts. But that decision proved to be rather impolitic and did not last long on the books.

At this week's talks, Washington and Taipei also discussed the limits on the ROC's exports of machine tools to the U.S. Machine tools is one area in which Taiwan excels in exports. The U.S. demanded a reduction, and Taipei agreed to spread one out over a 3-year period so as to lessen the impact on Taiwan manufacturers.

This round of trade negotiations ended with the predictable ROC concessions because of the U.S. Section 301 action threat that will do it almost every time. The 301 is a retaliatory measure that allows the U.S. to reduce imports from trade partners by the dollar amount it fears its exports are losing to closed markets abroad.

With or without the 301 clause, the ROC on Taiwan has worked tirelessly to accommodate the U.S. on trade. Taipei's goodwill seems to have backfired somewhat as the Americans now behave like sharks on an easy prey. The fact that Taipei gives in at all makes it easy prey for the U.S. exporters who then lobby Uncle Sam to do the harsh work on their behalf. This explains how something as innocuous as turkey parts can become a big deal between two major trading partners. Indeed, U.S. turkey imports to Taiwan will only total around US\$1 million in value, or less than 2 percent of the local market. Now that the U.S. has gobbled up turkey concessions, what will the next big issue be?

Premier Yu on Economic Growth in 1989

OW1101091789 Taipei International Service in English
0200 GMT 9 Jan 89

[Text] The Republic of China [ROC] has set its economic growth rate at 7 percent for 1989. Premier Yu Kuo-hwa said the figure is quite appropriate and easy to

sustain. The local economy is already considerably developed, Yu said. So the nation should seek to maintain moderate growth in the coming days to insure long-term stability and development.

The premier said, the ROC recorded a growth rate of 7.1 percent last year, many thanks to the expansion of domestic demands. This is a track Japan has adopted over the past years and also an approach the ROC is going to take in the future. Yu stressed, the government will continue to boost domestic investments so as to reach a preset growth target. Efforts will also be taken to strike an appropriate balance between supply and demands of daily commodities and further reduce money supply in order to stabilize commodity prices.

Economic Planning Chairman Leaves for Japan OW1101092189 Taipei International Service in English 0200 GMT 9 Jan 89

[Text] Fredrick Chien, chairman of the Council for Economic Planning and Development, Saturday (7 January) left here for Japan. He is to attend a meeting dubbed "Task Force of the Pacific Rim Strategies, Advice for the Next U.S. President," opening on Monday.

The meeting to be attended by representatives from the United States, Japan, Australia, the ROC [Republic of China], and countries from Southeast Asia will discuss issues such as exchange rates and international trade.

Chien said he would like to make two things clear on the forthcoming occasion. First, even though the ROC's trade surplus remains huge, this does not mean that its market is closed. Second, the new Taiwan dollar is no longer undervalued.

Chien will stay in Japan for 5 days and is slated to return here Wednesday.

Restrictions on Socialist Nation Trade Relaxed OW1001203689 Taipei CHUNG KUO SHIH PAO in Chinese 29 Dec 88 p 1

[Text] After consulting with the Ministries of Foreign Affairs, Finance, and Communications, the Board of Foreign Trade [BOFT] under the Ministry of Economic Affairs finished drawing up in principle "the Major Points Concerning Trade Activities with Socialist Nations" on 28 December. The document will shorten the list of nations with whom the Republic of China can engage in indirect trade only, to three countries: the Soviet Union, North Korea, and Albania. It will also relax regulations on the shipment of Soviet imports, allowing harbors of approved East European nations be the shipment starting point.

The aforementioned draft, drawn up by BOFT, will be presented to the Ministry of Economic Affairs next week for examination and approval.

Li Chang-lu, deputy director general of BOFT, said yesterday: In the past, our country's regulations governing trade activities with the world's 14 major socialist nations including the Soviet Union, Yugoslavia, Hungary, Bulgaria, Poland, East Germany, Czechoslovakia, Romania, Albania, North Korea, Vietnam, Burma, Cambodia, and Cuba, have been complicated and confusing. To make it easy for unified administration, it is necessary to lay down a set of comprehensive trade rules.

He said: BOFT was prompted to make such a move primarily after it reviewed and analyzed the situation before and after the ban was lifted on trade with East Europe. In view of our successful experiences in trading with East European nations, the analysis came up with the conclusion that it is all right to allow direct trade with other socialist nations with similar systems which are not hostile to our country, so that our businessmen will have more choices of markets.

According to the preliminary "Major Points Concerning Trade Activities with Socialist Nations" by BOFT, Vietnam, Cuba, Burma, and Cambodia, formerly on the list of nations barred from indirect trade or any trade activities at all, will be treated as the seven East European nations and become direct-trade nations. The gist of the draft includes:

1. Allowing direct trade, technological cooperation, and handling of imported goods according to general rules;
2. Permitting authority-designated banks to handle foreign exchange business;
3. Handling international telecommunications in accordance with the general rules governing telecommunications with free countries;
4. Allowing the Ministry of Finance, following a principle of mutual benefits, to impose import tariffs according to our country's secondary category of lower tax rate;
5. Allowing East European nations to be the starting points for the shipment of goods imported from the Soviet Union.

British Trade Delegation Visit Slated
OW1001210789 Taipei International Service in English
0200 GMT 7 Jan 89

[Text] Overshadowed by pressure from Communist China, the ROC [Republic of China] has had difficulty dealing with the EEC. The situation might take a positive turn for Taipei soon.

The British Overseas Trade Bureau, a semiofficial British institute, has informed the foreign trade authority here that it will send a trade delegation to Taiwan this year. Economic and trade officials in Taipei said: It is a good sign and might open a new door to the EEC for Taiwan.

In the past few years, when trade friction between the ROC and the United States worsened, Taipei has tried to develop closer trade relations with the EEC. However, reaction was cool because the EEC insisted on not dealing with the ROC openly. Both sides have held secret talks once a year. With Taiwan's growing financial and economic strength, however, the situation is changing. After all, observers say, political pressure cannot compete with economic interests. Therefore, European countries are now willing to make friends with Taiwan.

Editorial on Showing Concern for Mainland
OW1201123889 Taipei CHINA POST in English
4 Jan 89 p 4

[Editorial: "Keep the Mainland in Mind"]

[Text] Wu Mo-jen, one of the five mainland students attending universities in the United States who recently visited Taiwan, said after going back to the U.S. that the visit gave him the impression that the distance between Taiwan and the mainland seems to be growing, which he said worries him. This view is shared by many who are concerned about the future of China.

Wu said that people in Taiwan tend to care little about what's happening on the mainland and focus their attention on Taiwan society alone. The people, he added, seem to be abandoning their goals and expectations concerning the mainland.

This observation does not apply to all of us here in Taiwan, but the phenomenon does exist in many circles. It has been four decades since the communists seized the mainland. During this period, Taiwan has been progressing very fast because of the successful development of the economy, while the mainland has remained rather backward. Independent observers have pointed out that the living standard on the mainland is where the living standard in Taiwan was four decades ago.

The disparity between Taiwan and the mainland in economic conditions has made them seem like two entirely different societies. Many people in Taiwan, basking in their affluence, tend to think of the mainland as a faraway country.

This attitude is wrong in at least two respects. First, Taiwan and the mainland are both parts of China and their reunification is really inevitable. China has been divided many times in its long history, but the people never thought of themselves as citizens of different countries. Chinese culture has a cohesive power that binds its people together. Therefore, the country would always become reunited after it split up.

We must not forget that the mainland is part of our country and the people there are our compatriots. Their destiny and ours are closely linked. We should share the

fruits of our endeavors with them. It is selfish of us if we do not lift a finger when our mainland compatriots are poverty-stricken and deprived of freedom.

Second, the Peking regime on the mainland has not and will never give up the use of force against Taiwan, despite the seeming lack of tension and the growing contact between the two sides. Therefore, as Wu Mo-jen pointed out, it would be unrealistic to assume that Taiwan is secure from invasion by the communists and can chart its own course without regard for developments on the mainland.

People in Taiwan should, therefore, expand their vision and look at the mainland while reflecting on their destiny. The narrow-minded, provincial stand that Taiwan can remain separate and continue to prosper must be cast away in favor of a broader view which takes in the entirety of China.

Joint Conference on Democratization Ends
OW1201121189 Taipei CNA in English 0350 GMT
12 Jan 89

[Text] Taipei, Jan. 12 (CNA)—The ongoing democratization of the Republic of China [ROC] is expected to result in a free flow of information in the nation and to give the government more power to exercise the rule of law, Dr. Chang King-yuh, director of the Institute of International Relations (IIR) of National Chengchi University, said here Wednesday [11 January].

Speaking at the closing session of the Conference on Democratization in the ROC in his capacity as conference chairman, Chang predicted greater openness on the nation's political scene in the years ahead.

The conference, jointly sponsored by the IIR and Harvard University's Center for International Affairs, concluded after 3 days of discussion. The 168 participants, including 23 academics from the United States, discussed 15 papers.

Also speaking at the closing session, Dr. Stephan Haggard, associate professor of the Department of Government, Harvard University, affirmed the achievements of the ROC's ruling party, the Kuomintang [KMT], that paved the way for democratization. He urged the KMT to secure the ROC's status as a nation and to formulate new strategies for the challenges ahead.

In a paper presented Wednesday morning, Dr. Andrew J. Nathan, professor of the East Asia Institute of Columbia University, pointed out that the reforms in Taiwan has exerted an increasing influence on the Chinese mainland. In recent months, the Chinese Communist regime has hinted at remarkable new flexibility in its offers to the KMT, he noted.

The reforms introduced by the ROC Government have also weakened the appeal of the Taiwan Independence Movement and presented it with a series of "unappealing political dilemmas," including whether to oppose increasing Taiwan-mainland contacts and whether to hold aloof from participation in the political system.

Tsai Cheng-wen, chairman of the Department of Political Science of National Taiwan University, and Ming Chu-cheng, associate professor of the same department, jointly presented a paper on the international implications of the ROC's democratization. They noted that the political liberalization has not only remarkably improved the ROC's international image but also increased the nation's self-confidence.

"Compounded by the demand of breaking through the awkward situation of international isolation and of ever increasing economic activities, changes inside Taiwan gradually turns into a pressure for a change in its foreign policy." The pressure is evident in the form of the Legislative Yuan's increasing supervision of the nation's foreign policy, they said.

The two ROC academics predicted that there will be greater foreign policy changes as the nation continues with its political and economic reforms.

Hong Kong

Hong Kong Not Considering Amnesty For Illegals
HK1201031789 Hong Kong SOUTH CHINA
MORNING POST in English 12 Jan 89 p 1

[Text] Hong Kong was not considering an amnesty for illegal immigrants such as that given in Macao, a government spokesman said yesterday.

It would maintain its policy of returning all illegal immigrants to China, he said.

Police and army units on the border had stepped up their vigilance in case people from the mainland mistakenly supposed an amnesty would be applied and attempted to enter the territory illegally.

Immigration, EC Citizenship Viewed
HK1201025389 Hong Kong SOUTH CHINA
MORNING POST in English 12 Jan 89 p 20

[Editorial: Far Too Late to Start Changing the Rules]

[Text] The future status of Hong Kong residents is defined in the Joint Declaration; their relationship with the United Kingdom has long been established by the British Nationality Act [BNA]. Objections to the terms of either document by the British Labour Party foreign policy spokesman, Mr George Foulkes, will not change the course of history, only muddy it for political gain.

The redefinition of the ties to Britain began more than a decade ago, culminating in the promulgation of the infamous BNA in 1981, and the adoption of the British National Overseas passport in 1987. If there was ever a time that Hong Kong could have influenced its destiny over the nationality issue, it was at least eight years ago, and that chance has gone.

For some Hong Kong residents, it will be a painful reminder of the erosion of rights at that time to see neighbouring Macanese now receive full Portuguese citizenship and European Community (EC) passports that will enable them to work and live in much of Western Europe. Native-born Hong Kong people will enjoy fewer rights and privileges in Britain than Portuguese citizens of Macao. But the majority of Hong Kong people have no plans to leave the territory, and the anger over the 1981 act's right of abode restrictions has largely faded into resignation.

The British Government amended the BNA once in 1983 by granting full citizenship to 1,600 residents of the Falklands and 25,000 in Gibraltar. By 1992 these islanders will be able to work and live without restrictions within the EC. Hong Kong, with its population of 5.6 million, more than half of them born in the territory, was not included in the amendment, despite protests. Practical considerations like numbers counted for more than principles, it seems.

With the British public firmly against opening the door to more immigrants, the chance for any change in the policy on right of abode is negligible. Nor would it find favour in Beijing.

There is now a renewed call from the Labour Party, on the back of the EC passport issue in Macao, for Britain to reconsider the BNA, but it will be rebuffed by the government. It is the kind of suggestion that can be made easily by a party that has no risk of having to honour its promise in government.

The spectre of Britain being one day swamped by millions of Hong Kong residents pleading for sanctuary was always remote, and is now academic. Those people wanting to leave Hong Kong have overwhelmingly preferred Canada, the United States and Australia to other countries, Britain included.

While these countries have expanded their quotas for Hong Kong immigrants, especially those with means and professional qualifications, Britain has steadfastly resisted such an option. Britain has of course welcomed a select few from Hong Kong; indeed some of the most eminent and wealthy Hong Kong residents already possess full British passports. Clause 4(5) of the BNA allowing for the conferring of automatic citizenship on those Hong Kong people who have loyally served the Crown, though rarely used, remains a method by which Britain can discharge its responsibility for some individuals in the territory.

Unlike Canada, the U.S. and Australia, any move by Britain to welcome a large but selective number of Hong Kong residents would have only brought into question the United Kingdom's sovereign duty towards all the people of the territory. There was never any realistic alternative for Britain but to adopt the present policy, however unjust it may seem to withdraw previous rights. Britain could not expose itself to the accusation that it was interested only in "squeezing" more out of the territory before 1997.

Britain is bound by the Joint Declaration to preserve the stability and prosperity of Hong Kong. Any gesture that might redirect the "brain drain" towards its shores, or act as an inducement for emigration, would be condemned by China as a breach of the treaty.

At a venal level, the British Government is keen to forge closer economic ties with China. Portugal's historical failure to capitalise on Macao, and develop it to the level of prosperity enjoyed by Hong Kong residents, makes it easier now for it to bestow citizenship on its half-forgotten enclave. Britain's success with Hong Kong requires it to retain confidence as it hands over the business to new ownership as a going concern.

British Minister on Vietnamese Refugee Problem
OW1101190189 Beijing XINHUA in English
1605 GMT 11 Jan 89

[Text] Hong Kong, January 11 (XINHUA)—A British minister reaffirmed today that the British Government is committed to do everything possible to help Hong Kong solve the Vietnamese refugee problem.

Lord Glenarthur, minister of state at the Foreign and Commonwealth Office with responsibility for Hong Kong, said at a press conference here that his current visit has been dominated by the problem of the 25,000 Vietnamese refugees and boat people in Hong Kong.

As regards the 15,000 Vietnamese who have refugee status, he said that the United Kingdom is ready to take a further 1,000 refugees from Hong Kong—on top of the more than 13,000 the UK has already taken—over the next two to three years, provided other resettlement countries also agree to take more.

On criticism of the attaching conditions to the offer, he said, "We need the help of the international community to the refugees resettled."

"We have mounted a vigorous diplomatic campaign to persuade other countries to follow our lead and although it is still early days, I am encouraged by the first responses we have had to our representations," he said.

On the 10,000 Vietnamese boat people who have arrived since mid-June last year, he said "the future of those, who, after screening, prove not to be refugees, must lie in Vietnam, and only in Vietnam."

"We are now pressing the Vietnamese authorities to finalise arrangements for the repatriation of those who have already asked to return to Vietnam," he said.

XINHUA May Further Crack Down on Corruption
HK1201032189 Hong Kong SOUTH CHINA
MORNING POST in English 12 Jan 89 p 1

[By Chris Yeung in Guangzhou]

[Text] The NEW CHINA NEWS AGENCY (NCNA) could be given wider powers to crack down on corrupt officials working for mainland-backed companies operating in Hong Kong, according to senior Chinese official Lu Ping.

Investigations into malpractices of state-funded enterprises in the territory would continue regardless of the seniority of officials involved, said Mr Lu, the deputy director of the Hong Kong and Macao Affairs Office under the State Council.

Mr Lu's office is responsible for monitoring the activities of mainland firms which need its approval to operate in Hong Kong.

Both the NCNA and the Hong Kong and Macao Affairs Office are conducting separate investigations into questionable activities by companies funded with mainland money.

Last month Chinese officials, including NCNA chief Xu Jiatun and Mr Ji Pengfei of the Hong Kong and Macao Affairs Office, said Beijing was considering publicising the names of mainland-funded firms in the territory.

NCNA is compiling a list of such firms, which is expected to be ready by April. Unofficial estimates put the number of mainland firms with state backing at 4,000.

Mr Lu reiterated Beijing's determination to weed out corrupt practices and suggested that corrupt officials working in Hong Kong would be sent back to China.

While senior officials would be dealt with by the State Council, no decision had been made on whether companies would be forced to shut down or allowed to continue operating.

But Mr Lu believed most firms would not be affected by any crackdown.

"It's not a question of whether the firms are making profits," he said.

"We have to see whether their operations are conducive to the well-being of the territory."

"Any firms that contribute to the four modernisations of China and the maintenance of stability and prosperity of Hong Kong will be allowed to continue operating."

Mr Lu also noted that speculative activities by some mainland-funded companies in the territory had contributed to soaring property prices.

Only mainland-funded firms engaged in sound investment and not speculation could survive the current review of mainland-backed companies in Hong Kong, he said.

"We can differentiate between speculation and investment," he added.

In recent months, there have been calls for stricter control over the increasingly speculative activities of Chinese enterprises in Hong Kong's stock and property markets.

Xu Jiatun Fetes Run Run Shaw, Teng Teng
HK1101155389 Beijing XINHUA Hong Kong
Service in Chinese 1332 GMT 10 Jan 89

[Report: "Xu Jiatun Fetes Run Run Shaw and Teng Teng and His Entourage"—XINHUA headline]

[Text] Hong Kong, 10 Jan (XINHUA)—Xu Jiatun, director of the Hong Kong Branch of the XINHUA News Agency, gave a banquet tonight for Mr Run Run Shaw, and Vice Chairman of the National Education Committee Teng Teng and principals of more than 30 Hong Kong and inland institutes of higher learning.

During the banquet, Teng Teng read out a special letter from Li Tieying, state councillor and concurrently chairman of the National Education Committee, to Mr Run Run Shaw. The letter said: "You have treated education as the basis for the founding of a state. You have fervently expressed the hope for a thriving educational undertaking in China. You have made generous donations to inland colleges every year. Projects financed by you have reached areas inside and outside the Great Wall and to the south and north of the Chang Jiang. They are praised by local people." "Your contributions are not just in the form of donations. What is most cherished is your sense of patriotism toward China." In his letter, Li Tieying also asked Mr. Run Run Shaw to visit Beijing when convenient.

In a toast, Xu Jiatun expressed great admiration for Mr Run Run Shaw's concern over education. Xu Jiatun said: In the past year there has been relatively great development in educational exchanges and cooperation between Hong Kong and inland areas. At present more than 200 young people from inland areas are studying in Hong Kong or pursuing further studies. The National Education Committee has also for the first time sent 10 personnel to study in Hong Kong at the government's expense.

In his speech, Mr Run Run Shaw said: China is today opening up and carrying out reforms. The future mainly depends on the training of skilled personnel and the popularization of science and technology. Colleges are shouldering this weighty mission. He said that he has always paid great attention to promoting college education in regard to both Hong Kong and China. Since 1985, Mr. Run Run Shaw has contributed tremendous amounts of money annually to inland colleges already totaling HK\$331 million.

'Few Policy Options' on Hong Kong Inflation
OW1101215689 Beijing XINHUA in English
1510 GMT 11 Jan 89

[Text] Hong Kong, January 11 (XINHUA)—There are few policy options open to Hong Kong in relation to inflation although the problem has become one of Hong Kong's major worries, the financial secretary, Piers Jacobs, said in the Legislative Council today.

Noting that inflation was an integral part of the economic adjustment process, he said that beyond containing public expenditure, there were few policy options in relation to inflation open to a small externally oriented economy such as Hong Kong, which had become increasingly interdependent with other economies throughout the world.

"We will, in due course, experience a slowing down of our economy, and with it lower inflation," Jacobs said.

The official also said although it was true that the retail prices of foodstuffs had been increasing faster than consumer prices generally, there was as yet little indication that the prices of foodstuffs from China had been leading the way.

He noted that despite the increase in inflation and slower economic growth in 1988, wages and salaries still increased on average in real terms.

The consumer price index (a), the broadest based indicator of consumer price inflation, increased on a year on year basis by almost nine percent in the late months of last year.

'Roundup' Views Hong Kong-ASEAN Trade
HK0601153789 Beijing ZHONGGUO XINWEN
SHE in Chinese 0852 GMT 5 Jan 89

["Roundup" by reporter Sheng Meilan (4141 5019 5695): "Trade Between Hong Kong and ASEAN Countries Is Developing Rapidly"—ZHONGGUO XINWEN SHE headline]

[Text] Hong Kong, 5 Jan (ZHONGGUO XINWEN SHE)—Last year, trade between Hong Kong and the six ASEAN members developed rapidly. Data shows that in the first 10 months of last year, the total value of Hong Kong goods exported to the six ASEAN members was HK [Hong Kong] \$8.4 billion, a 29 percent increase over the same period in 1987.

Singapore is Hong Kong's eighth most important trade partner. The volume of trade between Hong Kong and Singapore has always been larger than that between Hong Kong and any other ASEAN member. In the first 10 months of last year, the total volume of their bilateral trade was HK\$26.3 billion [as received], a 32 percent increase over the same period in 1987. Of this, HK\$4.2 billion was the total value of Hong Kong goods exported to Singapore, 37 percent greater than in the same period the previous year. During the same period, Hong Kong imported from Singapore goods valued at HK\$15.1 billion, a 30 percent increase over the previous year. Singapore is the ASEAN's entrepot trade center. Hong Kong exports a great deal of its commodities to other countries via Singapore. The volume of its entrepot trade totalled HK\$7 billion, up 35 percent from the previous year.

The Philippines also buys much from Hong Kong and is the second most important ASEAN buyer of Hong Kong products. However, the total volume of bilateral trade between the Philippines and Hong Kong is only the fifth largest. In the first 10 months of last year, the total volume of their bilateral trade was HK\$5.6 billion, up 15 percent from the previous year. Of this, HK\$1.4 billion was the value of Hong Kong products exported to the Philippines, 15 percent more than in the previous year.

The volume of trade between Thailand and Hong Kong, Malaysia and Hong Kong, and Indonesia and Hong Kong were the second, third, and fourth largest among the ASEAN countries and they were HK\$8.4 billion, HK\$7.7 billion, and HK\$6.2 billion last year, up 35 percent, 57 percent, and 30 percent, respectively, over the previous year. The value of Hong Kong products exported to Thailand was HK\$1.05 billion and that of Hong Kong products exported to Malaysia, HK\$1.1 billion, 35 percent and 19 percent, respectively, higher than the previous year. Because of its strict import restrictions and high custom duties, Indonesia imports less Hong Kong products than most other ASEAN members. In the first 10 months of last year, the total value of Hong Kong products exported to Indonesia was only HK\$650 million.

The volume of the bilateral trade between Hong Kong and Brunei has always been the smallest among ASEAN members. In the first 10 months of last year, the total volume of the bilateral trade between Hong Kong and Brunei was HK\$70 million, 15 percent larger than the previous year.

Some relevant people pointed out that since 1986, the trade between Hong Kong and ASEAN countries has been growing in a satisfactory way. The trade policies of Singapore and Thailand are rather liberal and the investment environment there, particularly in Singapore where there is no foreign currency control and which does not impose customs duty on some major products, is quite satisfactory. It is believed that in the next few years, trade between Hong Kong and these two countries will develop rather rapidly. Malaysia and Indonesia are readjusting their trade policies and are going to repeal some surtaxes. This will facilitate the influx of Hong Kong products.

Exports Up 26 Percent Through October 1988
HK0901103589 Hong Kong SOUTH CHINA MORNING
POST (BUSINESS POST) in English 9 Jan 89 p 1

[By Amelia Cabatit]

[Text] Hong Kong's total exports grew 26 percent in the first 10 months of last year, compared with the same period in 1987, according to Census and Statistics Department figures released yesterday.

Growth of re-exports, at 45 percent, by far overshadowed that of domestic exports, which rose eight percent.

During the period, imports also grew 26 percent.

The department said prices of domestic exports grew two percent while re-exports were up by three percent.

For the month of October, domestic exports and re-exports grew nine percent and 50 percent, respectively, compared with October 1987.

Domestic exports of many commodity groups rose in terms of volume in October, compared with the same period in the previous year.

Electronic components rose the fastest at 54 percent, while metal manufactures surged 21 percent, watches and clocks 16 percent, metal ores and scrap seven percent and clothing five percent.

However, declines were recorded in other commodities such as all kinds of radios, which plunged 43 percent. Exports of travel goods, handbags and similar articles fell 23 percent, domestic electrical appliances 20 percent, textile yarn and thread 11 percent, footwear also 11 percent, textile fabrics eight percent and textile made-ups and related articles four percent.

The report also showed price rises in many domestic export categories.

Prices of metal manufactures were up the most at 11 percent, while textile madeups climbed six percent and watches and clocks four percent.

As for domestic exports of electronic components, their prices fell five percent, while clothing were down two percent, as were fabrics, and travel goods and handbags were off one percent.

On the same comparison, the re-export volume of all end-use categories rose, ranging from 42 percent for raw materials and semi-manufactured items to a hefty 106 percent for fuels.

Prices rose seven percent for re-exported capital goods, five percent for foodstuffs and raw materials and two percent for consumer goods. But prices of re-exported fuels fell 18 percent.

Meanwhile, imported foodstuffs in the end-use category rose 15 percent in terms of volume. Consumer goods climbed 37 percent, but fuels fell 33 percent.

Finally, taking into account the price increase of four percent for imports, the terms of trade index (total export price index expressed as a ratio to import price index) fell one percent.

Macao

Macao Amnesty for Illegals Ends in 'Uproar'
*HK1201025789 Hong Kong SOUTH CHINA
MORNING POST in English 12 Jan 89 p 1*

[By Adam Lee and Jacqueline Lee in Macao]

[Text] A total of 5,611 illegal immigrant children were registered during Macao's two-day amnesty, which ended in uproar last night as angry adult illegal immigrants claimed they had been betrayed and misled by Macanese authorities.

An estimated 20,000 adults queued up outside the two registration sites again yesterday hoping they would be registered for ID cards even though the Macao Government declared an amnesty only for those under the age of 18.

Shortly before the amnesty expired at 10 p.m. a group of about 200 people queuing at the new police headquarters became impatient.

They raised their fists and shouted protests after police began ordering those who appeared to be too old to qualify to leave the queue.

Police quelled the demonstration by wading into the crowd and ejecting the protesters.

The protesters were separated from the crowd and told to disperse or face arrest. Three young men who refused police orders to squat were arrested and taken away.

They were later released and told to go home.

The protesters were mostly illegal immigrants who did not qualify for the amnesty but who claimed they had been betrayed.

They said they had been led to believe that all illegal immigrants, not just those under the age of 18, would be granted resident status if they applied for registration.

"We have been cheated by the authorities as they only wanted to know how many illegal immigrants are hiding in Macao," an elderly illegal immigrant said.

The illegal immigrant, who only identified himself as Chow, said he had lived illegally in Macao for seven years and was happy when he heard of an amnesty.

"I arrived to queue up at 6 a.m. and by 10 p.m. I was led into the police headquarters but found myself in the streets shortly afterwards," he said.

His grievances were echoed by many other illegal immigrants after they "walked around inside the police headquarters" and found themselves walking in the streets again.

Police said many people who sought registration were not even Macao residents, some were mainland labourers working in Macao on contract; others were tourists from China.

One woman, aged about 25, who procured a tourist travel paper issued by China and who was rejected, said: "I just tried my luck, if I could have been registered I would not have returned to China."

Police cadets had earlier been drafted in when it was feared that the growing crowd might cause trouble.

Officials privately admitted the numbers had far exceeded expectations and they had not been prepared for the flood.

Many people crossed the border from neighbouring Zhuhai and 500 were arrested at the border.

Normally about 10 are arrested every day.

Yesterday morning 300 Chinese public security guards at the Gongbei customs post between Zhuhai and Macao dispersed a group of about 500 youths who had gathered overnight.

Many of those who were not eligible for the amnesty were crammed into a fleet of trucks and driven to points close to the border and unloaded. They were left a long way from the registration centres in the hope they would not return.

At least two baby girls born yesterday to illegal immigrants were registered.

About 600 people were waiting at each of the two registration points when the amnesty expired. They were processed in about 20 minutes.

Those who were registered would still be subject to investigation before being granted resident status.

Children who were registered were issued with a temporary immigration document with their fingerprints and booked to attend interviews later this month.

The Macao Social Welfare Department set up a station at the registration centre, providing free milk, drinks and biscuits.

A member of Macao's Legislative Assembly, Mr Alexandre Ho, said less than 10 percent of the illegal immigrants had met registration requirements.

He said there were an estimated 30,000 illegal immigrants in Macao and the government should introduce urgent legislation to prevent schools from accepting illegal children.

He said there were no laws to make it an offence to harbour illegal immigrants.

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